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No. 30,698 Weekend November 19/November 20 1988 D 8523 A

OVERSEAS MOVING
BY MICHAEL GERSON
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WORLD NEWS

Hungary clashes with Romania

Hungary accused neighbouring Romania of a "serious act of provocation" after a senior Hungarian diplomat was held unlawfully in Bucharest police headquarters for six hours, accused of distributing inciting leaflets against Romania.

S Africa convictions

Three senior members of the United Democratic Front, South African anti-apartheid coalition, and one other black leader, were convicted of treason following the country's longest political trial.

Bhutto claims majority

Mr Benazir Bhutto, leader of the Pakistan People's Party, increased pressure on President Ghulam Ishaq Khan to be appointed the country's next prime minister.

Albanians stage protest

About 100,000 ethnic Albanians marched through Pristina, capital of Yugoslavia's Kosovo province in an anti-Serb demonstration protest on the eve of a large anti-Albanian rally in Belgrade.

Thatcher snubs Kamuda

Prime Minister Margaret Thatcher intends to leave Zambia out of her forthcoming tour of Africa in retaliation for the public dressing down Foreign Secretary Sir Geoffrey Howe, received at the hands of President Kamuda two years ago.

Geneva bomb blast

Four people were seriously injured after a bomb exploded outside the Geneva office of Aeroflot, the Soviet airline. No one claimed responsibility for the attack.

Cuba accepts peace plan

Cuba accepted a regional peace plan for south-west Africa, which will mean the withdrawal of its 50,000 troops from Angola.

Lech Walesa in talks

Lech Walesa, leader of the banned Polish trade union Solidarity, was believed to be having talks in Warsaw with Interior Minister Gen Czeslaw Kiszczak.

German Speaker named

West German Health Minister Rita Süssmuth was appointed Bundestag President (Speaker) succeeding Philipp Jenninger, who resigned after protests at his remarks about the Nazis.

Red Cross warning

The International Red Cross warned it might leave Lebanon, unless a Swiss employee, abducted at a refugee camp in Sidon, was released.

Piper compensation

Survivors of the Piper Alpha oil platform disaster are to receive a tax-free interim payment of £10,000 from the platform's owner Occidental Petroleum.

Arms cache found

Security forces found a Protestant paramilitary arms cache on the border near Armagh.

ECM cannabals head

Customs officers seized two tonnes of cannabis resin, worth as much as \$2m, from a yacht in Poole harbour, Dorset.

EC plan attacked

Lord Cathness, Environment Minister, criticised European Commission plans to create an EC-wide network of protected areas for wildlife and rare plants.

Pollution inspector quits

Rod Perryman, civil servant in charge of the regulation of toxic waste disposal, is to resign, amid claims of low morale at Her Majesty's Inspectorate of Pollution.

BUSINESS SUMMARY

Europe-wide merger law moves closer

EUROPE-WIDE merger control laws came a step closer to becoming reality yesterday when the Community's 12 trade and industry ministers agreed in principle that the European Commission should have the final say on potentially anti-competitive international takeovers.

LONDON equities showed little reaction

to the announcement of October's 6.4 per cent inflation rate and the market was content to watch whether con-

FT Index



AMCOR, Australia's leading paper and packaging maker, made a \$2.85 a share bid for Edwards Dunlop, valuing the Australian paper maker and distributor at almost \$900m (\$37.6m).

MONUMENT OIL & Gas, a UK company quoted on the Unlisted Securities Market, is to buy Fina Petroleum Mitre, a subsidiary of the Belgian oil group Petrofina, for \$26.1m.

LLOYDS BANK is set to sell up to 25 per cent of Schroder, Münchinger, Hengst, its German investment banking arm, to senior executives. The aim is to give the managers a greater interest in the bank's performance.

BERGESIN DY, leading Norwegian hulk shipowner, launched a hostile \$50m (\$20.4m) bid for the Bermuda-registered tanker owner Bulk Transport.

SWISS non-life insurers are to be guaranteed access to the European Community market provided Switzerland adapts its insurance laws to those of the EC.

MASSEY-FERGUSON: Staff at the tractor maker's Coventry plant in the West Midlands have agreed to the introduction of a performance-linked pay scheme.

BARLOW CLOWES liquidators protested in the High Court that businessman Guy Cramer, who is linked to the Clowes affair, was guilty of contempt of court when he sold an Aston Martin car to his girlfriend for \$28,000.

CANADIAN regulators are probing suspected share price manipulation by T.C. Coombs, the London securities firm under threat of closure and de-authorisation by The Securities Association in the UK.

WEST GERMANY's economic growth is forecast to slow from 3.5 per cent to 2.5 per cent next year.

BUPA, the British health insurer, is negotiating to buy control of Santitas, the biggest private health group in Spain.

EUROPEAN COMMISSION said it would lift anti-dumping duties on photocopies assembled in Europe by Matsushita and Toshiba after the two Japanese companies agreed to use more European parts.

Inflation hits 6.4% as demand for credit appears to slacken

By Ralph Atkins and Simon Holberton

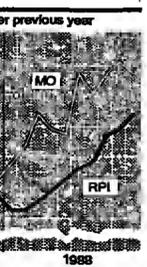
BRITAIN'S annual inflation rate rose to 6.4 per cent last month, its highest level for more than three years, but other official figures suggested that recent rises in interest rates may be curbing consumer credit demand.

The Department of Employment said yesterday that higher mortgage rates, themselves the result of the steep rise in interest rates during the summer, were mainly responsible for pushing inflation to its highest level since July 1985.

However, Bank of England figures showed that seasonally adjusted bank lending rose by \$3.9bn in October against an average rise for the past six months of \$5.2bn, primarily because of lower loan demand by consumers.

Separate clearing bank figures showed that lending for house purchase was at its lowest level since April and that other forms of personal lending fell during the month, the first fall in lending since February.

The Treasury said these were "encouraging" signs and that the recent interest rate rises were beginning to have the desired effect on consumer borrowing. Moreover, other



evidence shows lower mortgage commitments and a slower rate of increase in house prices.

The Treasury, which cautioned against reading too much into one month's figures, said it expected a moderation in demand for finance before its tighter monetary policy fed through to broader measures of demand, such as retail sales.

The monetary numbers were not, however, wholly positive for the Government. Its key monetary variable, M0, which measures mostly notes and

coins in circulation, rose at an annual rate of 7.7 per cent last month - well above the 5 per cent upper limit of its target range, which the Treasury has said it is unlikely to meet this financial year.

In spite of the moderation in the growth of lending last month, bank lending was 28 per cent higher than a year earlier and bank and building society lending 24.5 per cent higher than in October 1987.

Between September and October the retail price index increased by 1 per cent. Government statisticians estimate that about half of this rise was due to the October increase in mortgage interest payments from an average of 11 1/2 per cent to 12 1/2 per cent.

The retail price index was also pushed higher last month by price rises for clothing and footwear, motor vehicles and beer. The latest rise suggests the Treasury may not meet its Autumn Statement forecast of an average inflation rate of 6 1/2 per cent in the last quarter of 1988.

It encouraged fears that higher inflation will feed

Continued on Page 22
Ford pay rise, Page 22

Lithuania urges delay on changes to constitution

By Quentin Peel in Moscow

THE SOVIET Baltic republic of Lithuania yesterday stopped short of outright confrontation with Moscow over proposed constitutional changes, but called for key amendments to be delayed until they are thoroughly debated.

The compromise resolution was passed in the Lithuanian Supreme Soviet as a delegation from neighbouring Estonia visited Moscow to call for the disputed changes to be abandoned.

However, the Soviet leadership seems determined to press ahead with the constitutional reform, due to be approved in 10 days at a meeting of the USSR Supreme Soviet.

A top official said in Moscow that any delay would hold up promised elections and "time will be lost for perestroika and the democratisation process will start to skid."

The Lithuanian compromise could provide a way out of confrontation by allowing electoral reforms to proceed while delaying precise definition of the powers of the new central Congress of People's Deputies.

The Supreme Soviet in Vilnius, the Lithuanian capital, toned down hostile resolutions after a passionate speech by Mr Algirdas Brazauskas, the new and popular leader of the local Communist Party, who urged caution in demanding too much autonomy from Moscow too quickly.

He said the Estonian bid to have its constitution override the USSR constitution would not succeed.

The Lithuanian deputies approved national proposals for changes in the electoral system, providing for multi-

candidate elections, but called for the sweeping powers of the intended Congress of People's Deputies to be redefined.

They also agreed that a new Lithuanian constitution, along similar lines to the Estonian constitution in demanding a right to accept or reject changes in national legislation, should be referred to a special commission.

In Moscow, the chairman of the constitutional committee of the USSR Supreme Soviet, Mr Vladimir Lomonosov, said most public comments had supported the constitutional reforms.

If the changes in the constitution were postponed for further debate, as some people had suggested, "then the election of the higher bodies of power, which should take over all further work to effect reform, will have to be put off as well," he told Pravda, the Communist Party newspaper.

Estonian opposition is directed at the definition of the powers of the Congress of People's Deputies, with its ability to impose "special forms of government" on parts of the country and to give or deny legal recognition to public organisations such as the Popular Fronts for Perestroika, which have sprung up in the Baltic republics.

Many Lithuanian deputies backed the Estonian line before agreeing to tone down their conclusions. There was no immediate report on the reception given to Mr Arnold Ruztel, president of the Estonian Supreme Soviet, who was summoned to the Supreme Soviet in Moscow to explain his assembly's decisions.

Weekend FT



SAKE AND BITTER

Christian Tyler on the Japanese and their harmonious relationship with the north of England
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David Lescelles on the SIB's new rules for old
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Sailing the Sulu seas in search of pirates
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How to Spend It

On a good cigar
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Sport

Ben Wright mourns the loss of his golf clubs
Page XXVI

Central bank action fails to change sentiment on \$

By Peter Norman, Economics Correspondent

A SECOND day of co-ordinated central bank intervention gave temporary support to the flagging dollar yesterday but failed to convince foreign exchange markets that the US currency's fortunes have turned for the better.

The scale of intervention was smaller than on Thursday and its impact was undermined somewhat by comments from Mr Nicholas Brady, the US Treasury Secretary, to the effect that he was not especially worried about the dollar's recent weakness.

Interviewed on US television in the early afternoon European time, Mr Brady said he did not see any sign that US interest rates would rise, and described as "overblown" the concern shown by financial markets about the resolve of President-elect Mr George Bush to deal with the US budget deficit.

In an apparent reaction to Mr Brady's remarks, the US Federal Reserve, the Bundesbank and six other central banks resumed buying dollars. Earlier, the US currency had



volume of their intervention yesterday.

The Bank of Japan was reported as buying about \$500m yesterday - less than half of recent daily dollar purchases. The Bank of England kept a particularly low profile.

On Thursday, by contrast, central banks were thought to have bought up to \$2bn.

The dollar generally higher in London and other European financial centres yesterday but below its best levels for the day.

In London it advanced to DML735 from DML7285 at Thursday's close but was barely changed to Y122.55 against Y122.6. Although the dollar has lost about 3 per cent of its value against the D-Mark and yen since the US presidential election, the net result of central bank intervention over the past week was to leave the dollar barely changed against the two currencies from its levels of the previous weekend.

Sterling weakened yesterday Continued on Page 22
The falling dollar, Page 7; Currencies, Page 11; Lex, Page 22

Industrial gas price rise likely

By Max Wilkinson, Resources Editor

BRITISH GAS is likely to raise charges to many of its smaller commercial and industrial customers as a result of a new pricing system proposed by the Monopolies and Mergers Commission, it emerged yesterday.

The commission found in its recent report that the company had been abusing its monopoly power in the industrial market.

Yesterday, Mr James McKinnon, director general of the Office of Gas Supply, sent British Gas a copy of changes to its licence under the Gas Act which he thinks will implement the commission's findings.

British Gas must either agree changes with him or submit to a decision by Lord Young, the Trade and Industry Secretary.

The proposals give Mr McKinnon wider powers to ensure that all industrial gas prices conform to published schedules instead of being negotiated separately as at

present. However, British Gas will be allowed to set charges at any level it likes.

It is generally expected that this will result in lower charges to some large users which do not have alternative fuel supplies and a reduction in British Gas's overall profit in the sector, which was £290m in the last full year.

However, the company believes a significant number of customers will be worse off because it will be forbidden by its amended licence to offer them discounts from published tariffs.

The new licence will include several provisions intended to encourage competitors to British Gas. These may force it to abandon concealed subsidies to industrial and commercial companies in remote parts of the country.

At present the costs of the pipeline network are shared roughly equally between all

consumers however distant they are from the North Sea terminals. Under the new regime, British Gas will have to allow competitors to use its network at a charge related to distance travelled. This would allow the competition to pick off larger customers close to the East Coast where transmission charges would be lower, leaving British Gas to service customers in remote parts.

To protect itself, British Gas is likely to have to charge consumers a price which more accurately reflects true transmission costs. This would raise prices in distant parts and lower them in places near the source of supply. Since transmission costs can account for about a third of the price paid by industrial customers, the adjustment could be significant.

British Gas lifts dividend in spite of increased losses, Page 8; Lex, Page 22

MARKETS		STOCK INDICES	
STERLING	DOLLAR	FT-SE 100	1,528.4 (-0.2)
New York 148.15	New York 148.15	DAX	1,481.1 (+1.5)
London 148.15	London 148.15	Nikkei	2,058.01 (+3.56)
\$1.8165 (1.8215)	\$1.8165 (1.8215)	Hang Seng	29,180.2 (+103.39)
DM3.1525 (3.15)	DM3.1525 (3.15)	London 3-month	12.2%
FF10.7725 (10.78)	FF10.7725 (10.78)	London 12-month	12.2%
Sfr2.8475 (2.84)	Sfr2.8475 (2.84)		
Y222.75 (223.25)	Y222.75 (223.25)		
£ index 77.2 (same)	£ index 77.2 (same)		
NEW YORK COMEX DEC	NEW YORK COMEX DEC		
\$418.1 (421.1)	\$418.1 (421.1)		
London	London		
\$418 (422)	\$418 (422)		
US S&P 500	US S&P 500		
291.55 (291.55)	291.55 (291.55)		
Yield: 8.3%	Yield: 8.3%		
LONG TERM	LONG TERM		
Yield: 9.1%	Yield: 9.1%		

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OVERSEAS NEWS

Worried Chinese forbid new foreign borrowing

By Colina MacDougall

THE CHINESE leaders - already freezing economic reform because of inflation and corruption, and alarmed at the size of the country's growing foreign debt - have forbidden new organisations to borrow abroad.

Mr Ling Zeti, deputy director of the State Administration of Exchange Control, has announced that Peking will not permit new "windows" for foreign loans, according to China's Financial News. He stressed that foreign exchange must be used to import fertiliser, pesticide, plastic sheet and other essential items for priority areas, and not for consumer goods or products which can be made in China.

Mr Ling said the investigation was aimed to stop such abuses as companies keeping their foreign exchange outside China, avoiding payments to the State and sending foreign exchange illegally.

The China News Service

added that China had a short-term debt of \$10bn, and debt of \$30bn due in year or more away. The first repayment peak will be in 1990, when \$7bn will fall due, it said.

Increasing the leaders' concern is the fact that the trade deficit for this year grew rapidly in the third quarter of the year, to \$3.4bn. The deficit for the third quarter alone, at \$2.8bn, was almost double the \$1.6bn figure for the first half.

Imports this year shot up to \$36.3bn by the end of September, compared with exports for that period of \$32.9bn. Commodities involved were sugar, cotton, synthetic fibre and other industrial commodities.

China's high industrial growth of more than 17 per cent in the first nine months of the year has sucked in more goods from overseas in the third quarter which is surprising, but this worries the leaders while the currency picture is confused.

The domestic money supply has risen to astronomical levels, thus exacerbating inflation, and the widespread use of black markets (often winked at by administrators) for foreign currency, which offer up to twice the official rate of exchange, has allowed many people to import luxury and consumer goods. On top of that, it is estimated that about 20 per cent of Hong Kong's currency is now circulating in Guangdong province.

China last month began a cleansing of its finances by examining the practices of the many hundreds of mainland-based companies in Hong Kong which bend regulations by failing to remit foreign exchange to China, invest across the world in property or other businesses, dabble in dubious deals in the territory and spend on high living.

Observers in Hong Kong are sceptical about the likelihood of success.

Boom in W German exports predicted

By David Marsh in Bonn

BOOMING exports next year are likely to be the main motor behind West German economic growth, forecast to slow in 1989 to 2.5 per cent from 3.5 per cent, according to the annual report of Bonn's council of economic advisers, published yesterday.

The council, called "the five wise men", forecasts a further rise next year in West Germany's foreign trade surplus, which is already likely to reach a record this year. Prof Hans-Karl Schneider, council chairman, presenting the report at a news conference, said a revaluation of the D-Mark against the dollar and European currencies in the coming year would be unavoidable.

The report says the growth performance this year (much

better than expected), which is compared with the council's forecast 12 months ago of 1.5 per cent growth, is due partly to special factors, such as the real devaluation of the D-Mark this year and the further cut in oil prices. Also, fiscal and monetary policy have been eased since the stock market fall of October 1987.

The council calls on the Government - particularly because of the need to reduce high unemployment, which is forecast to remain little changed next year at 2.25m in spite of seven years of economic recovery - to take further action to free growth forces by deregulating the economy. This is to ward off threats to German competitiveness which could stem from

moves to a genuine EC internal market, the council says.

It warns that long-term problems raised by West Germany's falling growth potential have not been resolved by the better performance this year. Growth next year, dampened by a tightening of fiscal policy from the beginning of 1988, is seen returning more to the long-term output trend. The council judges that the economy can grow by only about 2 per cent a year before coming up against capacity limits.

Consumer price inflation next year is forecast to remain steady at about 2 per cent, after 1.5 per cent this year. Real (inflation-adjusted) exports are projected to grow by 5 per cent next year, after 5.5 per cent. Hence these would

outpace real import growth, seen at only 4.5 per cent after 6.5 per cent this year.

A West export boom in 1988 is expected to make a real contribution to economic growth for the first time since 1985. In nominal terms, the gap between exports and imports would continue to grow next year to DM 134bn (€43bn), from DM 123bn in 1988 and DM 111bn in 1987.

Overall fixed asset investment in 1988 is forecast to rise by 4.5 per cent, against 6 per cent this year. Plant and equipment expenditure would continue to forge ahead strongly by 6.5 per cent, as in 1988, but construction investment is projected to increase by only 2.5 per cent, after an exceptional 5 per cent this year.

Soviet confession on political prisoners

By Quentin Peel in Moscow

THE Soviet Union has admitted it is holding at least 62 prisoners for political or religious offences, and has agreed to provide answers within 90 days to a list of 800 alleged human rights violations submitted by the US Congress.

The promise was given at a four-day meeting in Moscow between US congressmen and members of the Supreme Soviet, the first such human rights seminar held under an agreement reached at the last summit.

Both sides at the meeting yesterday expressed enthusiasm for the good relations established, and the open and frank nature of the debate.

The Soviet authorities have already lifted a ban on emigration for 167 people on the list, said Congressman Steny Hoyer, leader of the US side. A further 63 had already left, and five had decided not to leave, according to the Soviet side.

The concessions were revealed as the US opened a public relations campaign on the epidemic rather than draconian restrictions on infected people.

The Bundestag president has a highly visible and ceremonial post, and is also involved in considerable behind-the-scenes negotiations with the Government and opposition parties to smooth parliamentary business. After the row over Mr Jauninger's speech, Mr Kohl has been anxious to find a successor who would maintain the importance and dignity of the office.

Iran shifts onus on to Iraq in quest for Opec quota deal

By Steven Butler in Vienna

IRAN yesterday appeared to have succeeded in shifting the onus for further compromise onto its rival Iraq at a meeting in Vienna of eight oil ministers from the Organisation of Petroleum Exporting Countries.

The ministers are seeking a formula to solve Opec's most vexing problem, how to bring Iraq back into the quota system so that a new production accord can be signed that would restrain oil production and lift prices. Iraq has refused a quota for two years.

The meeting involved discussions in which Indonesia, Nigeria, and Venezuela were charged with seeking to bring Iran and Iraq into agreement. Iran however appears successfully to have argued its position that for political reasons it could not accept an agreement

in which Iraq was given an equal quota, and would prefer to see a collapse in prices.

This is something of an achievement for Iran, which last month faced a solid front of Arab states pressing for Iran to accept quota parity with Iraq. The Iranian counterproposal for export parity between the two nations, which would result in Iran producing some 300,000 barrels a day more than Iraq, was not seen as serious.

However, a number of other proposals were being vetted. One would involve Iraq receiving a lower quota than Iran, but receiving an allocation of oil from the Neutral Zone, which lies between Saudi Arabia and Kuwait, in order to achieve de facto parity with Iraq.

Such a package would be difficult for Iraq to accept, however, and might have to be sweetened with a commitment for financial aid from the Gulf Arab states. Iraq has shown no hint yet that it is willing to compromise on its demand for formal parity with Iran and has publicly snubbed the Iranian initiative.

The Saudi Arabian and Kuwaiti delegates are understood to be privately annoyed at the Iraqi intransigence. If the ministers succeed in reaching a formula for bringing Iraq into the quota system, there remains a long list of contentious issues to be solved before a new agreement can be signed. These would be considered at the full Opec ministerial conference which starts on Monday.



Former West German Chancellor Helmut Schmidt speaking to delegates of the North Atlantic Assembly in Hamburg. He called for support for reform in the Soviet Union.

New Bundestag Speaker

By David Marsh

MRS RITA SUSSMUTH, Family and Health Minister in the Bonn Government, was chosen yesterday as the new president of the lower house of the West German federal parliament, superseding Mr Philipp Jenning, who resigned a week ago after a ill-received speech on Jewish persecution.

Mrs Sussmuth, 51, will be formally put forward on Monday to take over the job of Speaker in the Bundestag, which is formally the second highest federal office after the presidency. She will be the second woman in West Germany's history to take the job.

The minister, who has held her portfolio since 1985, was not the first choice of Chancellor Helmut Kohl for the job, partly because she is relatively inexperienced and also to the

left of Mr Kohl's Christian Democratic Union. Mrs Sussmuth, who cuts a strong and popular public figure as a supporter of women's rights, has angered conservatives over the methods she has used in fighting AIDS, preferring to mount negotiations with the Government on the epidemic rather than draconian restrictions on infected people.

The Bundestag president has a highly visible and ceremonial post, and is also involved in considerable behind-the-scenes negotiations with the Government and opposition parties to smooth parliamentary business. After the row over Mr Jauninger's speech, Mr Kohl has been anxious to find a successor who would maintain the importance and dignity of the office.

Cuba and Angola accept terms

By Michael Holman

FORMAL endorsement of a south-western Africa peace plan came a step closer yesterday when Cuba and Angola said they had accepted terms for a withdrawal of its 50,000 troops from Angola.

Last Tuesday delegations from Angola, Cuba and South Africa to the Geneva talks on the independence of Namibia reached agreement in principle on the terms of the withdrawal. They said that confirmation would depend on the response of their governments.

Agreement on a Cuban withdrawal is the main obstacle to the implementation of a UN plan, which envisages internationally supervised independent elections in the territory.

The Cuban decision was announced in a statement in the official newspaper Granma. Angola's decision was revealed hours later, and the two governments have informed Dr Chester Crocker, the US mediator of their decision.

The South African response is expected within days. Yesterday Mr P. W. Botha, the Foreign Minister, said in Pretoria that the Government was "giving its attention to the latest proposals".

If as expected, South Africa accepts the Geneva agreement, the three governments will meet in the Congolese capital of Brazzaville to endorse it.

Namibia's seven-month transition to independence would begin early next year.

East bloc clampdown on day-tripper shopping

By Leslie Collitt in Berlin

EAST GERMANY and Czechoslovakia, faced with a sharp deterioration in consumer goods supplies, have clamped down on day-trippers from across the border who are the base of centrally-planned economies.

Czechoslovakia made the first move on Thursday by publishing a list of goods - from children's clothing to typewriters and tyres - which may no longer be taken out of the country. The main targets were East German day-trippers searching for products in short supply at home and inflation-plagued Hungarians looking for bargains.

Czechoslovakia also put a levy of 100 per cent on the

retail price of foods not on the banned list, as well as household appliances and other goods. The value of products which may be taken out of Czechoslovakia was reduced from 1,000 koruna (€105) to 500 koruna.

Mr Miroslav Pavel, the Czechoslovak Government spokesman, admitted recently that supplies of durable consumer goods in particular had worsened.

The East German party newspaper, Neues Deutschland, yesterday responded to the Czechoslovak measure by publishing it along with a list of East German goods which may not be taken out of the country.

Moscow backs PNC 'state'

By Andrew Whitley in Jerusalem

ISRAEL'S diplomatic counter-offensive against this week's Algiers declaration of an independent Palestinian state has run into trouble, following an announcement from Moscow that the Soviet Union recognised "the proclamation" of the state by the Palestine National Council.

The official statement, issued at a hastily summoned press conference in the Soviet capital, fell short of full recognition of the new "state". But its phrasing nevertheless caused discomfiture within the Israeli Government, anxious to upgrade its relations with the Soviet Union.

Within hours of the Soviet move, its ally East Germany went further, telling the Palestine Liberation Organisation's representative in East Berlin that it formally recognised the state of Palestine "proclaimed in accordance with the charter and resolutions of the United Nations".

In an unusual bid to stem the growing tide of international recognitions, Foreign Minister Shimon Peres yesterday summoned the heads of all diplomatic missions accredited to Israel to hear a denunciation of the Palestine National Council resolutions. Some 60 diplomats from 42 countries listened as Mr Peres criticised the outcome of the PNC as "an artificial show of moderation" and "an attempt to mislead public opinion".

According to the state-run Israel Radio, Mr Peres said the Algiers resolutions showed that the PLO still preferred its "stages solution" - the creeping destruction of Israel - to a definition of borders.

Prime Minister Yitzhak Shamir told the radio that the PLO's tactics were to confuse and disorient. "This is the big lie. It was a specialty of the Nazis, the communists and now the PLO," he said.

Dumas urges Nato grace for Moscow

By Robert Mauthner in Paris and Judy Dempsey in Belgrade

MR ROLAND DUMAS, French Foreign Minister, yesterday proposed that the North Atlantic Treaty Organisation countries should wait for two or three years before modernising their short-range nuclear arms, to see whether the Soviet Union would agree to substantial reductions of conventional arms.

At the same time a row broke out in Vienna between France and its Western partners about the precise status of the planned conventional arms talks, with a US diplomat alleging that the negotiations could be delayed unnecessarily for several months.

Mr Dumas's suggestion, made at a European seminar organised by the French Institute of Advanced Defence Studies, is in line with West Germany's desire to delay any decision on the modernisation of this category of weapons.

However, it is in sharp contradiction with US and British policy that modernisation of short-range nuclear arms has become an urgent priority since the agreement last year between Moscow and Washington on the complete elimination of medium-range nuclear missiles.

The French proposal was even less acceptable to Washington and London, given Mr Dumas's insistence that France's own nuclear weapons - including the so-called "pre-strategic" Hades land-based mobile missiles, due for deployment at the beginning of the next decade - would be updated on the basis of military criteria alone and without reference to the factors he has asked Nato to take into account.

Stressing that France was not in a position to dictate any course of action to members of Nato's integrated military command, Mr Dumas said that his recommendation was made purely for political reasons.

Campaigners call for EC social rights

By Laura Raun in Amsterdam

SUPPORT for a greater social dimension in European integration is gathering pace with a call yesterday by a prestigious lobby group for "fundamental social rights".

Comité d'Action pour l'Europe, a group of prominent leaders from across the European Community, backed the subject for the first time since its new incarnation began four years ago. Previously it was the Monnet committee, which was named after the Frenchman Jean Monnet and which campaigned for European union.

"The social dimension was singled out for special treatment because there will be no success if the human dimension is ignored," explained Mr Jacques Chaban-Delmas, secretary general of the committee, following a two-day meeting in The Hague. "In the greater competitiveness and efficiency of the future there will be winners and losers. We are trying to take action in advance to provide a safety net for them."

Social policy is emerging as a vital facet of Europe's ability to compete against the US and Japan, where social security systems are more modest, when the common market is achieved in 1992.

Some industrialists worry that Europe's welfare state raises production costs and hampers its competitiveness because Europeans as consumers want quality goods at cheap prices but as voters want social solidarity. Employers thus have to benefit from the free-trade zone and greater economies of scale while labour unions, especially in countries with strong workers' rights, fear employees will suffer as a result. They will be "outcast or left behind," warned Mr Chaban-Delmas.

The committee includes leading politicians, industrialists and union leaders.

UK and Iraq end envoy row

Britain and Iraq moved yesterday to limit damage to their relations after the disclosure that each country had expelled three of the other's embassy staff in a six-week diplomatic row. Our Foreign Staff writes.

The Foreign Office in London confirmed that three members of the Iraqi embassy in London had been ordered out on October 18 for "activities incompatible with their diplomatic status". They are Mr Abdul Hussein Jbara, an assistant press officer, Mr Mohammed Shaker, a third secretary, and Mr Samir Karim Hussein Mahdi, a driver. A fourth Iraqi, Mr Daham Mahmoud Ali, assistant cultural counsellor who was out of Britain at the time, would not be allowed to return.

In retaliation, three British embassy staff in Baghdad - Mr Charles Hollis, second secretary, Mr Simon Elvy, visa officer and Mr John Barton, a security officer - had been told to leave on November 1.

Following the first press reports of the expulsions yesterday, the Foreign Office was playing down the row. It finished by saying that the expulsions reflected British Government concern about the Iraqi regime's surveillance of its exiled opponents in London.

Bush chooses a conservative pussycat

Lionel Barber profiles the president-elect's White House chief of staff

GOVERNOR John Sununu of New Hampshire, selected by President-elect George Bush to be his White House chief of staff, is an abrasive, self-confident conservative with virtually no experience of Washington.

Mr Bush's choice stunned some of his closest advisers, who had assumed that Mr Craig Fuller, a long-serving aide and a consummate Washington insider, would get the top job. By ignoring their advice, Mr Bush sent a further signal to his inner circle and to the outside world that he intends to be his own man.

Mr Bush also likes to settle his political debts, and he owes a great deal to Mr Sununu, who helped him to win the crucial New Hampshire primary last February, thereby salvaging his campaign for the Republican presidential nomination.

Above all, Mr Bush wanted

his White House chief of staff to be a conservative with sufficient political stature to deal with the Democratic barons who control the US Congress, and to handle the competing demands of what he has promised will be a strong Cabinet.

Mr Fuller, only 37, did not meet the bill.

The selection of Mr Sununu does represent a slight rebuff to Mr James Baker, the designated Secretary of State. Mr Baker is said to have been cool to the choice of the New Hampshire governor, and instead proposed a White House troika with power shared among Mr Sununu, Mr Fuller and Mr Robert Teeter. Mr Baker headed such a team in the first Reagan administration, and his influence would have been all the greater had the arrangement been repeated in a Bush administration.

Mr Sununu, however, made

clear he wanted the top job or no job, and let it be known that he had eight children to feed and educate. Such forthrightness is typical of his stewardship in the New Hampshire state house, one marked by fervent opposition to tax increases and a record of economic expansion in a state which ranks as one of the most conservative in the Union.

An engineer by training, Mr Sununu was a college professor and consultant to the nuclear power industry before running for governor, an office he first won in 1982.

The 49-year-old governor is of Lebanese extraction and was born in Cuba, though he grew up in New York City. As an Arab-American, he has flirted with the notion that he might be able to promote a peace dialogue in the Middle East.

This was one reason he refused last year to join 49 other state governors in a pro-

clamation condemning a 1975 United Nations Resolution which quoted Zionism with racism.

Mr Sununu has responded by saying he did not wish to get involved in foreign policy matters while state governor and he has since made public assurances on Israel's freedom and security. This will probably dampen Jewish criticism of his appointment.

As for his reputed short temper, Mr Sununu now calls himself "a pussycat" and promises to work constructively with Congress and fellow Cabinet members. However, his selection has certainly disturbed some in Mr Bush's team, one of whom recalled this week that the last White House chief of staff from New Hampshire was Sherman Adams, who served President Eisenhower for five years and ranked as the most powerful chief in the post-war era.



John Sununu promises to work constructively.

Peruvian miners attack government buildings

By Veronica Barusch in Lima

STRIKING Peruvian miners have attacked the Finance Ministry and the Labour Ministry in Lima, breaking the windows of the two buildings and blocking the adjacent avenues with boulders and uprooted saplings.

The premises of the National Mining Society, an organisation of mine-owners, were bombed by six members of the Marxist Tupac Amaru Revolutionary Movement (MRTA), causing extensive damage to the building, on Thursday morning.

Mr Reynaldo Gubbins, president of the organisation, said "this bombing confirms the political and terrorist nature of the miners' strike".

Miners' leaders dismissed the accusation and said they had sought a resolution.

Sudan coalition under threat

By Veronica Barusch in Khartoum

The senior party in Sudan's ruling coalition yesterday welcomed a peace accord with southern rebels, isolating Muslim militants and raising prospects of a break-up of the Government. Reuters reports from Khartoum.

Diplomats said Umma's stance would isolate militant coalition member the National Islamic Front (NIF). NIF opposes the pact and has warned it could herald the collapse of Prime Minister Saad al-Mahdi's six-month old government.

The accord was signed in Addis Ababa on Wednesday by the Sudan People's Liberation Army (SPLA) rebels and the Democratic Unionist Party (DUP), the coalition's second-biggest party.

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The Outlook for Oil

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OVERSEAS NEWS

The party is over for Yugoslavia's easy-going communists

After decades of corruption and mismanagement, the crunch is near for Tito's heirs, writes Judy Dempsey

THE future status of the party leaders in Kosovo, the troubled autonomous province in southern Yugoslavia, hangs in the balance this weekend as more than 500,000 people, mostly Serbs, gather in Belgrade. This will be one of the largest demonstrations in the country since the World War II. Thousands of Serbs from Kosovo and Vojvodina, the two autonomous provinces within the Serbian republic in Yugoslavia's federal system, are flocking into the city. The demonstration is officially in the name of "Brotherhood and Unity, the rallying cry of the late President Tito, who tried to unite Yugoslavia's various ethnic groups. However, every Yugoslav knows what this demonstration is really about: the future relationship between Kosovo and the Republic of Serbia, and that between Serbia and the rest of the Yugoslav federation. The relationship between Kosovo and the rest of Serbia remains tense. Mr Milosevic, Serbia's powerful and populist leader, has bullied the official leaders in Kosovo in an attempt to force them to resign - without success so far. Along with Serbian nationalists, who represent one of the planks of Mr Milosevic's support, he has accused the ethnic Albanian majority in Kosovo of not doing enough to end the alleged discrimination against the Serbian and Montenegrin minorities there. Previous demonstrations had tried to topple the Kosovo leaders. These were organised by the "Herzegovina Nationalist and Serbian Committees for the Defence of Kosovo Serbs and Montenegrins". They staunchly support Mr Milosevic's plan to allow Serbia to gain greater control over the two provinces. Until this weekend, though, Mrs Kasner, the dynamic party leader in Kosovo, was standing up to Mr Milosevic and his nationalist supporters. Her resignation on Thursday night, along with that of Mr Azim Vllasi, a former party leader, will not put an end to Yugoslavia's problems. Mr Milosevic might be able to install a new leader acceptable to the Serbian minority in Kosovo. However, in the event yesterday, the resignations were clearly provoking a backlash from angry ethnic Albanians. That problem, though, is but the tip of the iceberg. A more serious and immediate difficulty involves the pending radical package of economic reforms and constitutional amendments. These amendments are designed to give the federation more powers at the expense of the six republics and two autonomous provinces, and will be enacted next week. Legislation there has to be changed before the amendments are enforced and before the economic reforms can be implemented. It is here that two big conflicts are likely to emerge. Most Yugoslav economists believe that the federal authorities should have more power, for instance, in setting a unified taxation system. This has already been the source of much disagreement between the republics. The less developed southern republics, including Macedonia and Bosnia-Herzegovina, where unemployment is high and wages are miserably low, say they should not be subjected to the same tax brackets as the more prosperous north, where incomes are higher and unemployment less. A compromise is now in the making, whereby the federation will set the taxation rates but the individual republics can decide what federal rates to apply. The financing of the army also caused long debates. The liberal-minded party leaders in Slovenia objected to the federation raising taxes in the event of the army, already running a large deficit, requiring extra revenue. The republics did not arise from Slovenia's objection to financing the army as such. They distrust control of finances by the federal authorities in Belgrade. To every Slovene, those authorities stand for Serbia. This has regional differences in economic development, combined with deep-rooted suspicions between the republics, have created what one economist called "judging the content of the economic reforms". The second problem facing the Yugoslav authorities is the role of the party. At the session of the Central Committee last month, it was agreed to separate the party from the State. The idea is to give the government greater powers to run the economy while weakening the role of the party in this area. In practice, though, the government has no powers. Furthermore, there is no one strong government personality to push through economic measures and challenge the party's continuing interference. This is a big obstacle to the economic reforms. Under the present system, managers of enterprises are appointed by local party committees. More often than not, the manager is a friend of the party boss. Under the new regulations, the manager wants to reorganise the factory, which could entail laying off some of the workers, would the party interfere, even though to do so would be against the law? What happens if some of those workers are his relatives? "Whether you like it or not, the real issue is the rule of law," one senior government economist said. "We really have little respect for the law. It is not only because our political culture is so varied throughout the country. It is because we have built up a huge network of nepotism, patronage and favours throughout every level of society, which makes law and legitimacy a sham." Other economists hope that the rule of law will become stronger. They agree, however, that if the party is to distance itself from the economy, a system of accountability must be built into the system. "That does not exist at the moment. Nobody has taken responsibility for years. Everyone relied on State hand-outs or bribes from the local parties, which always looked to their political interests. Nobody took responsibility for mistakes or

badly-run enterprises, which today cannot even afford to pay their workers. Everybody wanted the quiet life," another economist commented. If the economic reforms are pushed through, these attitudes and corrupt practices will have to change. For example, if foreign companies invest in Yugoslavia, they will have wide powers to run the factory as they see fit, depending on their share of the total investments. They will have the right to recruit workers, the management and set the wages and salaries. Workers' self-management will disappear. The local party could object, in which case foreign investors, which will be crucial to modernisation of the economy and re-building of an appalling infrastructure, may well pull out. Such is the price to pay for many decades of economic mismanagement by the party. This transition from the politics of patronage to the rule of law will be extremely painful, and not only for the party which will lose much of its powers and privileges. Many workers in the loss-making heavy industries - already trying to cope with 270 per cent inflation, falling living standards and fixed incomes - will suffer even further. Others, especially in the services and tourism sector, will thrive by the new measures. This will widen the income differentials and, in the short term, probably widen the economic differences between the north and the south because many of the services industries are in the north which is thereby more attractive to foreign investment. The transition, with all its unpredictable and perhaps turbulent consequences, is a risk which some of the republics are prepared to take. Party officials and economists realise they face a period of strikes, falling living standards and widespread discontent. Even so, they also believe the real economy and social crunch is at hand. Many Yugoslavs know it will be very painful. They also know it can no longer be postponed. The party is now over.

Across the country influential families and former ministers were defeated unceremoniously as people used their first free vote in 11 years to express their dissatisfaction with the existing order. Drawing room politicians who have perpetuated their names through constant statements on the pages of newspapers during the Zia years learned how out of touch they had become, while the 27 parties which fought the election only eight won seats, three of them winning only one seat. In a country where 70 per cent of the population is rural, politics has long been dominated by feudal lords who consider political power essential for their continued influence over villagers, and in dealing with local commissioners who since colonial times have had immense sway. The majority of candidates were still feudal, but in almost all cases people voted for the lesser feudals, wiping off the political map in one sweep famous families such as the Soomros, Jaiotis, Bizanjios, Murrig and Mengals. Few sitting members were re-elected, as, where they could, people voted for change. Unlike 1970 when the Pakistan People's Party swept the polls, change this time did not necessarily mean voting for the PPP. For this election the PPP had replaced its socialist manifesto with a vaguely capitalist document, barely discernible from that of their government-backed opponents, the Islamic Democratic Alliance. And instead of radical students and union leaders the PPP fielded almost as many feudals as the IDA. In the few places where one side put up a new face, or a younger less affluent candidate it was rewarded with victory. In Lahore, Jehangir Bhatti, a former student leader, thought to be the only candidate in the country who spent nothing on his campaign, was elected for the PPP, while in Rawalpindi, the PPP's general secretary, old-timer General Tikka Khan, was defeated by a young, self-made man. Most PPP candidates who had suffered under General Zia-ul-Haq's martial law regime won their seats, while the party leader's controversial strategy of giving tickets to local notables and former ministers of the Zia regime to switch sides at the eleventh hour, generally backfired. It may only have been Pakistan's third general election in 40 years, but voters have learned to distrust those who changed their alle-

giance. Rao Rashid, the PPP's campaign manager for Punjab, says a new unexpected factor has entered into feudal politics. "Moorey and family position are no longer enough - integrity matters too." It was in the crucial province of Punjab, which has 60 per cent of the votes, that the myth was laid to rest that in a free and fair election the PPP would sweep the polls. Although the party won solidly in areas such as Sheikhupura, badly hit by recent floods during which the Punjab Government was slow to assist the people, the PPP generally fared worse than expected. Rao Rashid blamed this on complacency from candidates: "We were misled by the enthusiasm received by our leader Benazir Bhutto at rallies. More over our workers have been trained for 11 years as agitators and slogan raisers, and are not so good at convincing people. The requirement of identity cards to vote was also blamed - the PPP alleging that many of their voters were disenfranchised because they were too poor and illiterate to obtain the cards. It is a claim substantiated by a turnout as low as 25 per cent in some areas, and 44 per cent overall. Another myth exploded was the value of Islam as an electoral slogan. Although a pre-election survey found "Islamisation" to be people's highest priority, the IDA's attempts to dub the PPP as a non-Islamic party backfired, many objecting to the use of photographs of PPP leader Nurul Bhutto dancing with former US President Gerald Ford as election propaganda. Religious parties which took 21 per cent of the votes in 1970, could muster only a handful of seats this time while the PPP's only Maulana (religious scholar) lost his seat. Although it failed to get a majority, the PPP emerged from the election as

Hawke moves to defuse rows over environment

By Chris Sherwell in Sydney

THE Australian Government, caught between the clashing demands of environmentalists and those of mineral and timber developers, is to set up a Resource Assessment Commission. The move, announced yesterday by Mr Bob Hawke, the Prime Minister, is of critical importance to Australia's big resource companies, and follows a series of bitter land use disputes with conservationists over the exploitation of rich forest areas in Tasmania and Queensland, and valuable mining sites in Queensland and the Northern Territory. Mr Hawke's intervention is designed to defuse the controversy, and smooth sharp divisions within the cabinet, in particular those between Mr John Kerin, Primary Industries and Energy Minister, and Senator Graham Richardson, Environment Minister. "The issue has been sensitive for a long time," Mr Kerin said. "It is a matter of growth demands, continued commodity exports, while the survival depends on middle-class suburban voters concerned about the environment. I see today's announcements as the beginning of a more harmonious approach in the resolution of conflicting demands on Australia's natural resources," Mr Hawke said. The Government said it recognised that, in certain cases, conservation "values would demand absolute protection of particular areas, while, in others, multiple or sequential land use might be right. The Resource Assessment Commission, which will be answerable to the Prime Minister, will conduct public inquiries on the physical, biological and economic aspects of conservation and development issues. It will then publish interim reports for public comment and submit its findings and advice to the Government for decision. "The priorities themselves will be dictated by the Government on a case-by-case basis. They will not necessarily be limited to single projects or developments, and may involve particular resources or regions. Commissioners will be nominated by the Australian Science and Technology Council and the Industries Assistance Commission. Meanwhile, also yesterday, the Government announced an increase in the budget of the Heritage Commission, which administers areas registered as part of the National Estate, to speed and streamline its work. It also made a commitment to negotiate a formal agreement between the forestry industry, unions, the conservation movement and state governments to guarantee the industry's access to resources, while protecting native forests, and promised to "develop a National Forests Inventory. Overall, Mr Hawke claimed, the new approach "provides a framework within which industry can operate with confidence, and achieve a balance between the need to develop our natural resources, and to preserve our environment for future generations".

Pakistan's voters judge the past harshly

First free vote in 11 years was used to dump former masters, writes Christina Lamb

FOR MANY of Pakistan's leading political names, November 16 will be a date to forget. Across the country influential families and former ministers were defeated unceremoniously as people used their first free vote in 11 years to express their dissatisfaction with the existing order. Drawing room politicians who have perpetuated their names through constant statements on the pages of newspapers during the Zia years learned how out of touch they had become, while the 27 parties which fought the election only eight won seats, three of them winning only one seat. In a country where 70 per cent of the population is rural, politics has long been dominated by feudal lords who consider political power essential for their continued influence over villagers, and in dealing with local commissioners who since colonial times have had immense sway. The majority of candidates were still feudal, but in almost all cases people voted for the lesser feudals, wiping off the political map in one sweep famous families such as the Soomros, Jaiotis, Bizanjios, Murrig and Mengals. Few sitting members were re-elected, as, where they could, people voted for change. Unlike 1970 when the Pakistan People's Party swept the polls, change this time did not necessarily mean voting for the PPP. For this election the PPP had replaced its socialist manifesto with a vaguely capitalist document, barely discernible from that of their government-backed opponents, the Islamic Democratic Alliance. And instead of radical students and union leaders the PPP fielded almost as many feudals as the IDA. In the few places where one side put up a new face, or a younger less affluent candidate it was rewarded with victory. In Lahore, Jehangir Bhatti, a former student leader, thought to be the only candidate in the country who spent nothing on his campaign, was elected for the PPP, while in Rawalpindi, the PPP's general secretary, old-timer General Tikka Khan, was defeated by a young, self-made man. Most PPP candidates who had suffered under General Zia-ul-Haq's martial law regime won their seats, while the party leader's controversial strategy of giving tickets to local notables and former ministers of the Zia regime to switch sides at the eleventh hour, generally backfired. It may only have been Pakistan's third general election in 40 years, but voters have learned to distrust those who changed their alle-



Benazir Bhutto: popular enthusiasm for her misled the PPP

the only national party, surpassing expectations in North-West Frontier and winning 32 out of Sind's 46 seats with huge margins, while in Sind the IDA was unable to return a single candidate. Two aspiring prime ministers, Ghulam Mustafa Jatoi, and former prime minister, Mohammad Khan Junejo, were severely defeated as was the Pir of Pagara, projected as one of the country's most influential figures who has previously never even needed to campaign. The volatile province of Sind, plagued by Kalashnikov-carrying bandits, ethnic violence, and overrun by drug barons, has become increasingly alienated from the Punjab-dominated centre. As a concession to this turbulent province, Pakistan prime ministers have traditionally come from Sind, though each has met a miserable fate - Liaquat Khan and Benazir's father Zulfikar Ali Bhutto both returning in their coffins, while Junejo slunk back humiliated after his dismissal in May. The province has seen a recent upsurge in Sindhi nationalism. Sindis are now outnumbered by Mohajirs (refugees from India) and Punjabis, and many see a PPP victory with a consequent Sindhi prime minister as the only buffer against a secessionist movement such as that which led to the break-up of Pakistan in 1971, particularly as the alternative IDA led by Punjab's chief minister Nawaz Sharif has been promoted as aggressively Punjabist. While the PPP swept interior Sind, all but two of the urban seats went to the MQM, a militant ethnic party formed in 1985 to fight for the rights of Mohajirs. The MQM already controls the local administration in both Hyderabad and Karachi, Pakistan's largest and most explosive city, and will be the key in deciding who forms the government. They seem most likely to go with the PPP, as the only party able to offer them the representation they desire in Sind, perhaps even the chief ministership. Pakistan's most forgotten province is Baluchistan with only 2 per cent of the population. Another new ethnic party emerged as the major force - the Baluchistan National Alliance, a socialist group who fomented riots in neighbouring Afghanistan, showing that Baluchis do dislike Punjabist domination. If the president selects Nawaz Sharif as prime minister, he must risk an upsurge in ethnic violence and resentment against Punjab and the centre, with Sindis in particular feeling their clear mandate has been ignored.

Gorbachev reassures Indians

By K.K. Sharma in New Delhi

MR MIKHAIL Gorbachev, the Soviet President, yesterday took the first opportunity given him in New Delhi to dismiss as "totally groundless and obviously speculative assertions" recent comments that his country was changing its priorities and becoming cool towards India. Speaking at a banquet given in his honour by the Indian President, Mr R. Venkataraman, Mr Gorbachev said relations between the two countries were "based on the similarity of their views on world developments. There is a feeling in India that the structural and policy changes in the Soviet Union under the policy of perestroika have left unclear the future of Moscow's relations with New Delhi. Mr Gorbachev and Mr Rajiv Gandhi, India's Prime Minister, apparently discussed this when they met for two-and-a-half hours without sides soon after the arrival of the Soviet president in New Delhi at the start of a three-day visit, his second in two years. "An official Indian spokesman described the talks as being "extremely fruitful" and said discussions focused on perceptions and the process of reform in the Soviet economy in the last few years. This could affect India since the changes initiated under perestroika impinge directly on the "special relationship" the two countries have developed with each other in economic matters. The spokesman said the two leaders explored avenues whereby Indo-Soviet friendship and co-operation could further serve the interests of both countries, while taking into account how these relations could contribute to a better world. This reflects concern in India over developing Soviet relations with other Asian countries such as China and Pakistan. Such concern was probably raised by General Zia-ul-Haq's martial law regime when he visited the meeting in Belem said. South Africans might help prospectors locate and develop new diamond-producing regions in the Amazon. This suggestion was quickly dismissed by the South Africans. The three-man team has visited most of the Amazon's principal gold-mining regions. It will return to South Africa this week. The ambassador said: "We think their mining processes are rudimentary and recovery rates are low. Our technicians will see if there is a solution." However, one team member said: "There is no secret about better mining. It's all in the textbooks." Mr Chris Richter, one of the engineers, said the recovery rates were as low as 35 per cent. Last year, the prospectors produced an estimated 67 tonnes of gold but diversion of gold to the black market casts doubt on such figures. The South Africans say the real problems are the low levels of literacy and technical knowledge among the prospectors.

South Africans help Swiss agree insurance deal with EC

By William Dawkins in Brussels

SWISS non-life insurance companies are to be guaranteed access to the European Community market, EC trade and industry ministers agreed yesterday. Swiss officials hailed the outline agreement as a possible precedent for future bilateral deals with members of the European Free Trade Association. The deal, accepted in principle by the Swiss Government, could offer a way of resolving the six EFTA countries' growing worries about being left out of the Community's drive to create a single freemarket. It means Switzerland and the EC promise to give each other insurance companies equal right of establishment, as long as Switzerland keeps its legislation in line with Community laws on the sector. If Switzerland attempts to interfere with EC legislation, the agreement automatically lapses. The accord yesterday ends a 13-year deadlock over the possibility of opening the EC non-life market - insurance for mainly commercial risks - to the aggressive Swiss industry. The Commission now has approval to negotiate the fine details with the Swiss Government before the pact comes into effect. Agreement was made possible by a "self-destruct" clause, under which Switzerland's guarantee of free EC market access automatically ends if the Swiss fail to adapt their insurance laws to those of the EC within 12 months. Community Governments had resisted a deal because they feared they would be unable to change Community insurance rules without having consulted Switzerland. That could have jeopardised the Community's freedom to set its own insurance laws - an unacceptable dilution of the Community's powers. This year, member states adopted a wide-ranging liberalisation plan for the EC's non-life insurance industry. The new accord, however, has more of a political than practical importance. Officials pointed out that the Swiss insurance industry is already well established in the Community, while Switzerland itself is already so heavily insured that it is unlikely to attract new EC local competition. The Commission said yesterday it would withdraw anti-dumping duties on photocopiers assembled by Matsushita in Germany and Toshiba in France. Duties were charged on fully-assembled imports from both Japanese companies in February last year. They were extended last January to cover the companies' EC production, on the grounds that they were trying to circumvent the original levies by using dumped components. Brussels is now proposing to withdraw the penalties on EC production in the light of promises by both companies to trim their Japanese content to less than 60 per cent, in line with the latest EC regulation against circumvention of anti-dumping duties.

Brazilian gold mines

By John Barham in Belem

SOUTH AFRICA has sent a team of mining engineers to the Amazon to develop alternative gold-mining techniques. Mr Alex van Zyl, South African ambassador, who addressed gold prospectors yesterday in Belem, at the mouth of the Amazon, said this improvement of mining methods could improve his country's image in Brazil. About 80 per cent of the country's gold is produced by prospectors with pick and shovel at open-air workings, which is wasteful and dangerous. Many of them use mercury to refine gold. There is growing concern at the extent of mercury pollution in the Amazon basin and mercury poisoning is widespread at gold prospecting sites in many regions of Brazil. The presence, albeit informal, of South African government officials in the Amazon, is likely to encourage the Brazilian government. Brazil has developed close trade and political ties with black Africa, while staying cool towards South Africa. Brazil has imposed partial sanctions on trade with South Africa. The ambassador said: "The Brazilians wanted to keep things low-key and we try to keep a low profile." Mr Jose Altino Machado a leader of Usagual, a prospectors' association, said: "We invited

Table with columns: High Low, Company, Price, Change, Div, Yield, P/E. Includes companies like Anglo American, BHP, etc.

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UK NEWS

Chief inspector for toxic waste and water quits

By John Hunt, Environment Correspondent

MR ROD PERRYMAN, the civil servant in charge of the regulation of toxic waste disposal, has announced his resignation amid renewed allegations of declining morale at the Inspectorate of Pollution.

"He has authorised us to say that he is resigning for personal reasons and without any ill feeling," he added. Mr Perryman was considered by conservationists to be sympathetic to their cause and they believe his influence will be sadly missed.

Minister attacks EC environment plans

By John Hunt

AN OUTSPOKEN attack on European Commission proposals to establish a European Community-wide network of protected areas for wildlife and rare plants was made last night by Lord Cairness, the Environment Minister responsible for housing and protection of the countryside.

Lord Cairness, speaking in Oxford to the countryside organisation Rural, explained that Britain wished to stick to its traditional voluntary approach for protecting the habitat.

Deputy chairman resigns at Charter subsidiary

By Nick Garnett

CHARTER Consolidated, the industrial and metals group, announced last night that Mr Ian Little, deputy chairman and chief executive of Anderson Strathclyde, Charter's mining equipment subsidiary, was leaving the company.

In a terse statement, Charter, in which the South African controlled company Minorco has a 38 per cent stake, said Mr Little was relinquishing his executive duties and resigning from the board.

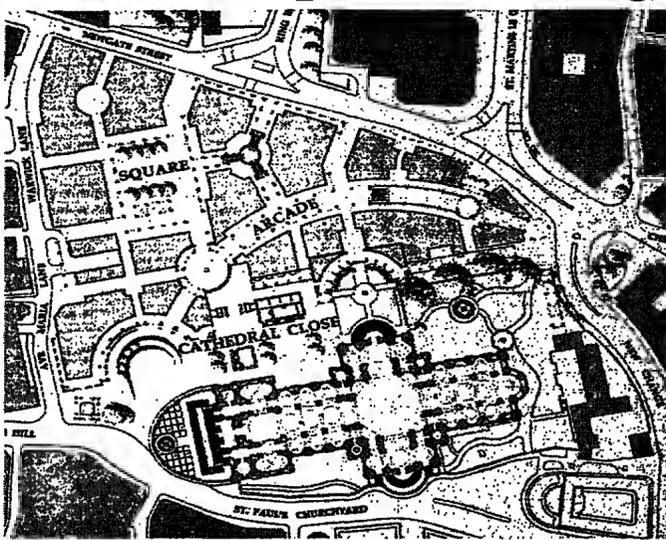
BUPA bids for health group in Spain

By Peter Bruce in Madrid and Eric Short in London

BUPA, Britain's largest private health insurer, is negotiating to buy control of Spain's biggest private health group, Sanitas, in a deal which could be worth £110m.

Newspaper reports in Madrid yesterday said the British group had agreed to buy 57 per cent of Sanitas, which is privately owned.

A low-rise precinct designed for St Paul's



An architect's model of the planned St Paul's Cathedral Close, viewed from the east side of the development

NEW PLANS for Paternoster Square, on the north side of St Paul's Cathedral in the City of London, provide for more than 1m square feet of low-rise buildings built around a new Cathedral Close.

Paul Cheeseright on plans for rebuilding Paternoster Square

The property from the Mountsleigh company, Arup Associates, the architects' firm which last year won a competition to prepare a master plan for Paternoster Square, yesterday unveiled its completed proposals, in the form of drawings and a model.

The buildings, in stone and brick with roofs of lead or slate, grow higher further away from the cathedral, reaching a maximum height of eight storeys on the perimeter of the site.

The existing buildings are up to 15 storeys high. The effect is to permit the cathedral to dominate its immediate surroundings, one of the points Prince Charles was anxious about.

approval. The new Paternoster Square owners are publicly committed to the sympathetic redevelopment of the square and have not so far had any influence on the plans.

Minister sees threat to Scottish role in UK

By James Buxton, Scottish Correspondent

A SCOTTISH Office minister in a night call on the Conservative Party to vigorously support the union of the United Kingdom in the face of the rise of Scottish nationalism.

benefits that link brings and the damage that would inevitably follow were it to be broken.

mainly rebound to the advantage of the Conservative Party, Mr Leon Brittan, the former Trade and Industry Secretary, said yesterday.

Against that background the Government had a real opportunity to persuade the Scottish people of the benefits of remaining within the union and of adopting a distinctly Scottish Conservatism.

Army urged to select British tank

By Nick Garnett

DAVID BROWN, the UK's sole supplier of transmissions for main battle tanks, warned yesterday that Britain would lose all its development capability.

It would also have a "tragic" impact on Britain's long-term technical capability in designing high-specification gearboxes for rail locomotives and other types of equipment as well as seriously harming the UK's gear components industry.

Third person charged in Hill Samuel investigation

By Richard Donkin

POLICE have charged a third person in connection with the attempt to defraud Hill Samuel, the London merchant bank, of \$106m (\$61m).

Samuel. Police inquiries are continuing. City of London Police confirmed last night that they had arrested four men and a woman this week but added that two people had been released on police bail.

Thatcher to visit France for talks with Mitterrand

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the Prime Minister, will visit France for talks with Francois Mitterrand, the French President, on November 30.

chey, the Soviet president, to London. Mrs Thatcher is anxious to visit Mitterrand, the French President, on November 30.

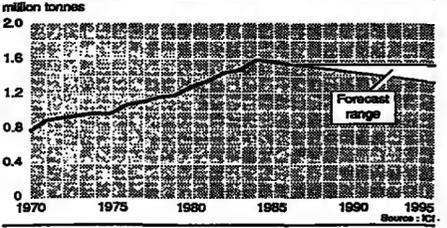
Pollution rules stunt prospects for growth industry

Andrew Taylor and Peter Marsh prophesy more lean years for the leading fertiliser manufacturers

FOR Britain's hard-pressed fertiliser manufacturers, the possibility of cuts in sales due to new government rules limiting fertiliser use represents only the latest in a long series of problems.

which in recent years has seen its market shrink as the amount of planted acreage in Britain has declined because of difficulties in the farming industry.

UK Nitrate Fertiliser Consumption



process, is responsible for plant growth. Farmers as a result applied nitrate fertilisers with increasing enthusiasm, finding them a useful adjunct to conventional, natural fertilisers based on potassium salts (potash) or phosphate rock which are the other two main types of fertiliser and account for the remaining one-third of sales in the UK market.

little different from traditional manure-based fertiliser, has declined in recent years, partly because of a general recession in agriculture.

fertiliser business have led to a loss of jobs and rationalisation in many sectors of the industry. Friends of the Earth, the environmental organisation, has complained to the European Commission about the level of pesticides in drinking water in Britain.

problems. Moreover, as manure contains nitrogen-containing substances in a smaller concentration than the man-made chemicals, more of it has to be applied and the pollution risks are, if anything, greater.

Complaint to EC on pesticides in water

By John Hunt, Environment Correspondent

FRIENDS of the Earth, the environmental organisation, has complained to the European Commission about the level of pesticides in drinking water in Britain.

He said, however, that the detection of pesticides was a matter for concern and that research into the reasons for their presence had begun.

UK NEWS

Canadians examine share trading by London firm

By Clive Wolman

T.C. COOMBS, the London securities firm under threat of being closed and de-authorized by the Securities Association (S.A.), has become the subject of an investigation by Canadian regulators into suspected share price manipulation.

The investigation by the Alberta Securities Commission and the Alberta Stock Exchange, with the co-operation of the UK authorities, has focused on trading by T.C. Coombs in the shares of Sonatel Telecommunications Corporation, a small Vancouver-based high technology company.

about C\$400,000 on income of only C\$200,000. The key document being examined by the Canadian authorities is a paper written in May by Mr Chris Mowbray of T.C. Coombs who normally covers mining stocks.

Pay linked to merit accepted at Massey

By Michael Smith, Labour Staff

CLERICAL staff at the Coventry plant of Massey-Ferguson, the tractor manufacturer, have agreed to the introduction of performance-related pay.

Councils boycott of jobs training scheme spreads

By Charles Leadbeater, Labour Editor

THIS NUMBER of Labour controlled local authorities boycotting Employment Training, the Government's training programme for the adult long-term unemployed has risen from 60 to 70 since September, according to opponents of the scheme.

Opponents of the programme say that councils such as Wallasey and Barry, Lancashire have joined the boycott despite the recent High Court ruling against Liverpool councils' boycott of the scheme.

Fowler says employers should not be biased

By John Gapper, Labour Correspondent

EMPLOYERS who discriminate against women, ethnic minorities and older workers will soon start to damage themselves as well as workers they treat unfairly, Mr Norman Fowler, Employment Secretary, said yesterday.

Mr Fowler, reviewing the effect on employment policies of the ageing of the workforce in the next decade, said the country was seeing the first effects of the demographic changes which would affect all employers.

EETPU accused of pressure tactics

By Our Labour Editor

LEADERS of dissident electricians at Ford's Dagenham plant in Essex, have accused the EETPU, electricians' union of breaking its promise that it would not attempt to prevent members leaving the union following its

expulsion from the TUC. The dissidents, who want to stay within the TUC, say about 170 of the 230 electricians at the Dagenham body shop have applied to leave the EETPU and join the recently formed EPIU, which has applied for

affiliation to the TUC. EETPU full-time officials have been visiting the electricians at home in the evenings to try to persuade them that they should withdraw their resignations and rejoin the EETPU.

Key actor casts around for a role

Charles Leadbeater on plans to amalgamate the NUM and TGWU

MORE ARTHUR SCARGILL, the National Union of Mineworkers' president, more than any other union leader, sees his role in historic terms, as a key actor in the unremitting conflict between mutually opposed classes.

It is difficult to see Mr Scargill continuing to play the same role as just one of the 14 union officials who lead the trade groups of the TGWU general workers union. These groups range from civil air transport and textiles to clerical workers and public services.

out in merger talks over the last few years. It could do with a merger to push up its membership. In addition NUM areas still owe the T and G more than £1m from the 1984-85 strike. Any other union merging with the NUM would be faced with paying off that debt to the TGWU.

The amalgamation offers the possibility of building a 135,000-strong section in the TGWU for energy workers, covering power stations, the nuclear industry, oil, gas, and opencast coal. Electricity privatisation will create new pressures for workers in all these industries so an amalgamation makes sense.

Clowes liquidators protest at sale of £88,000 Aston Martin

By Raymond Hughes, Law Courts Correspondent

THE SALE of an Aston Martin car led to a move to jail Mr Guy Cramer, a Leeds businessman linked to the Barlow Clowes affair, and his girlfriend, Miss Deborah Lewis, for contempt of court, the High Court was told yesterday.

Miss Elizabeth Gloster, who was appearing for the liquidators of Barlow Clowes International, the Gibraltar arm of Mr Peter Clowes' fund management business, and the receiver

of assets of portfolios promoted by BCI, alleged that Mr Cramer and companies associated with him received loans totalling about £14m from money invested in BCI.

Union may face rap on recruitment

By Our Labour Editor

THE TUC is likely to raise the prospect of taking disciplinary action against the Transport and General Workers Union, which could theoretically lead to the union's suspension or expulsion, over its failure to implement a TUC ruling over a recruitment row.

British Gas plc Interim Results

"A Firm Underlying Base for Continued Success"

British Gas has published its interim report for the six months ended 2 October 1988. In the report, British Gas Chairman Sir Denis Rooke writes:

Table with 2 columns: Extracts from Group Profit and Loss Account and Six months ended 2 Oct 1988 27 Sept 1987. Rows include Turnover, Current cost operating loss, Net interest and gearing adjustment, etc.

- 1. The unaudited results of the Group for the six months ended 2 October 1988 have been prepared on the basis of the accounting policies as set out in the Annual Report and Accounts for the year ended 31 March 1988, except that pension costs have been calculated in accordance with SSAP No. 24.

Manx curb for offshore companies

By Sue Stuart

THE ISLE OF MAN plans tighter controls on non-resident companies registered in the island in an effort to create a cleaner image for its financial sector.

Engineers investing heavily in computers

By Alan Cane

THE engineering sector is investing unprecedented amounts on computers as it takes advantage of the latest personal computer technology, according to figures to be published next week.

London Life policyholder to pay costs

By Raymond Hughes, Law Courts Correspondent

MR JULIAN Byng, a London Life policyholder, must pay the legal costs of his 'hostile attack' on the company and Mr Oliver Dawson, its president, a High Court judge ruled yesterday.

Rally held over GCHQ issue

A RALLY was held yesterday for four workers dismissed from the GCHQ communications centre at Cheltenham, and an out station in Cheddar, Staffordshire, for refusing to give trade union membership.

We were disappointed that despite extensive presentations to the Monopolies and Mergers Commission on the Company's policies and prices for gas supplied to contract customers, the final report did not accept the market related pricing policy which has operated unchanged for over twenty years through successive governments and privatisation.



FINANCIAL TIMES

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Saturday November 19 1988

Waiting for Mr Bush

IT IS ONE thing to win the hearts and minds of American voters quite another to convince the markets. The sound of investors tramping towards the dollar exit was mounting ominously even before the presidential election. Since Mr George Bush's victory, patience on the part of the exchanges has been further stretched. This is a market that wants early action from President Reagan's successor to curb the US budget deficit. And it would be wrong to assume that this week's concerted intervention by central banks to prop up the ailing US currency implies much more patience on the part of the Group of Seven industrialised nations.

Mrs Thatcher, admittedly, was pleading in Washington this week for Mr Bush to be given time. But that is part of a wider diplomacy in which an early down payment has been made in the hope of securing continuing influence for Britain on issues ranging from East-West relations to more parochial bilateral concerns. Equally significant, the United Kingdom is the only other G7 member apart from the US with a current account deficit that is sizeable in relation to gross national product. The British Chancellor, Mr Nigel Lawson, has already indicated to the markets that he wants plenty of time to bring the deficit back to more manageable proportions. The need was neatly underlined by this week's batch of economic statistics, which showed UK industrial output at record levels in the third quarter, an unexpectedly sharp jump in retail sales last month and a further decline in unemployment.

Little excuse

As long as the British economy remains in the sympathy in Washington for the US predicament is clearly in order and that sympathy is no doubt reinforced by the thought that an early assault on the budget deficit followed by a shift in resources from US domestic consumption to exports could do nothing to help Britain's own balance of payments problem. Yet in reality Mr Bush has far less excuse for delay than is normally the case at this point in the electoral cycle. As Mr Reagan's Vice President he is already in situ and has made two key appointments: Mr James Baker is off to Foggy Bottom to become Secretary of State, while Mr Nicholas Brady is confirmed in his existing role as Treasury Secretary. Such continuity is rare in US politics. And as the first incom-

Alice Rawsthorn looks behind the façade of the clothing industry

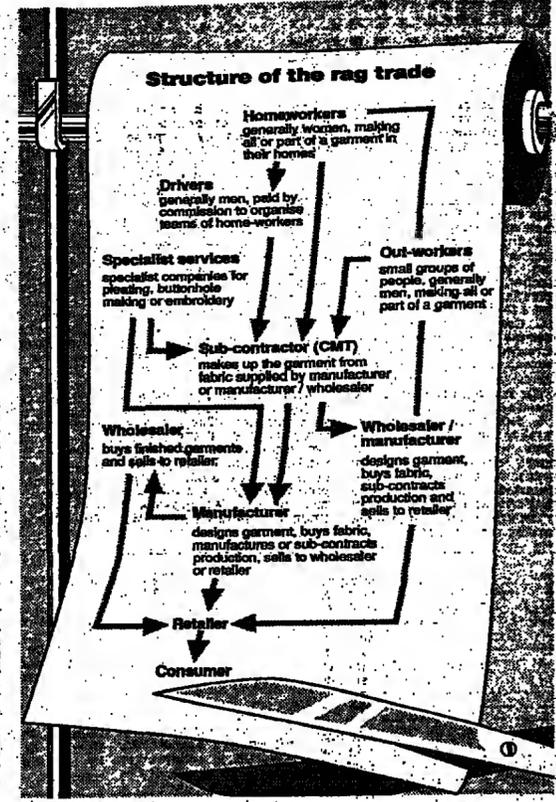
The vicious circle of the British rag trade

Mr Taron Miah rents one of the tiny workshops on Brick Lane in the East End of London. Pinned to the wall is a faded newspaper photograph of the Prince of Wales - "Charles Slams it in Spitalfields" - on a visit to Brick Lane. A year ago Mr Miah employed 15 machinists, all fellow Bangladeshi immigrants, to make leather jackets. But business is bad. The Pakistani wholesaler, with whom he deals, has started to import from India. Mr Miah has not been able to increase his prices for three years. Now he employs just eight people and the workshop is making a loss.

Mr Miah runs one of thousands of sweatshops that make up the "rag trade", or the squalid side of the fashion industry. During the 1980s, the rag trade has spread out of London into the back streets of the North and the Midlands. The British Clothing Industry Association estimates that the sweatshops provided a tenth of the industry's £4.5bn output last year. The sweatshops are part of a complex chain supplying cheap clothing to High Street shops and mail order catalogues. At the far end of the chain are the retailers, who place orders in the plush showrooms of fashion wholesalers in and around Great Portland Street in London's West End. The wholesaler then sub-contracts production to a number of cut-make-and-trim (CMT) units, either directly or through a manufacturer or "middleman". The CMT unit makes up the garment "in-house" using its own labour, or sends it "outside" to teams of outworkers or homeworkers. It may also call upon a "driver", who organises teams of homeworkers. Sometimes it uses a specialist company for particular parts of production. One Brick Lane workshop makes nothing but button holes. There is no direct contact between the CMT workshop and the retailer. Many workshops do not even know where the garment will be sold. Sometimes the wholesaler sews in the label. The retailer generally does know where its garments are made. The Burton Group, like many other retailers, inspects the quality of finished garments on receipt from the wholesalers. It also inspects the premises of its larger manufacturers, but not the smaller workshops. The rag trade preys on poverty. It relies on the existence of workers - often immigrants - who have no choice but to accept low pay and sub-standard conditions. Brick Lane has been the home of the Huguenots, who fled from Flanders in the 17th century; the Jewish émigrés from Eastern Europe in the early 1900s; and the Asian immigrants who live and work there today. One Bangladeshi arrived in his early 20s, too late to be educated in Britain. The only available job was as a machinist in a CMT unit run by a family friend. Today he runs his own unit - with seven machinists - making jeans for a wholesaler. In the good times, he breaks even. In the bad times, he can barely pay his rent. The spectre of poorly paid workers churning out cheap clothing in dingy rooms sits oddly with the bright picture that Mrs Thatcher paints of British industry. But the rag trade has thrived in the past decade. The recession of the early 1980s and the subsequent decline of the established clothing industry has not only left gaps in the market for sweatshops to fill, but created a pool of unemployed skilled labour. Developments within retailing have also increased demand. The success of Next has encouraged other retailers to adopt a more flexible approach to fashion buying. The days when retailers could afford to wait for deliveries from the Far East are over. Today's retailers

The tower blocks of London and the Midlands are full of women earning 50p for sewing a skirt or 6p for packing a dozen pairs of stockings

fragmented structure of the rag trade. Hence a workshop does not deal directly with the retailer, it is at the mercy of the wholesaler, which shop around for the cheapest merchandise. Many workshops accept orders at a loss simply to stay in business. Ken Shirt, who works for the Tower Hamlets Small Business Centre, describes the cost structure of a typical East End trouser manufacturer. It sells the trousers for £3.50 a pair to one of the wholesalers in the West End. The trousers will then be sold to the retailer for £11.50; and to the consumer for £23. The wholesaler supplies the cloth - costing about £3.85 - but the manufacturer is expected to pay for trimmings like zips and buttons. It spends £2.80 on labour and 60p on overheads, pocketing a profit of 4p from £3.50. If the manufacturer is to expand, it must escape from the wholesaler by dealing directly with the retailer. But a profit of 4p is too low to provide enough capital for raw materials and credit. The only solution is to make extra money by selling garments made from the "cabbage" - the scraps of material left over from the

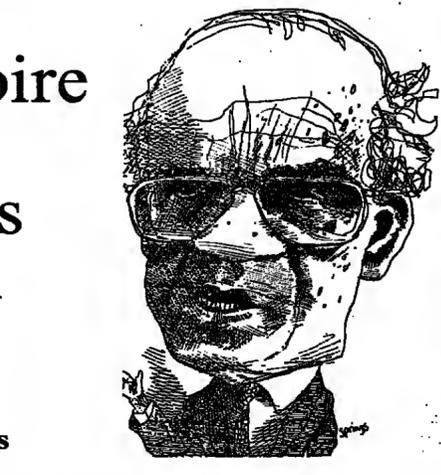


Some have never paid National Insurance contributions and are not entitled to old age pensions. It is homeworkers who are the most vulnerable employees. Skilled homeworkers can command reasonable rates of pay, but they are the exceptions. The majority are immigrant women who are tied to their homes for cultural reasons, or by the need to care for young children and elderly relatives. Homeworkers are the "hidden workforce" of the clothing industry. Working in isolation, often struggling with poor English - they are easily exploited by their employers. The tower blocks of London and the Midlands are full of women earning 50p for sewing a skirt or 6p for packing a dozen pairs of stockings. There are no official figures on the number of homeworkers. A recent study suggests that there are 30,000 or 40,000 in London alone. The rag-trade has flourished in the 1980s. But there are signs that it may run into problems in the future. One problem is poor quality. It is difficult to impose quality control in a sweatshop and on a disparate band of homeworkers. There is already a trend for wholesalers to switch orders from the London-sweatshops to more efficient units in the North. This trend may accelerate in the future. The sweatshops may also find it more difficult to recruit. The decline of unemployment, coupled with the fall in the number of school leavers, should increase competition for labour. The children of first generation immigrants, who work in today's sweatshops, will have a wider choice of jobs than their parents. Like the Jewish émigrés before them, they may be able to escape from the rag trade. And there has been no new influx of immigrants in the 1980s because of stricter legislation. These changes are already apparent in London. Brian Hodges, leader of Hackney Council's clothing industry team, says that sweatshops have been finding recruitment markedly more difficult in recent months. In the past, when one area has become too expensive, the rag trade has simply moved to another. Some London companies have already established production units in depressed areas of the North and the Midlands, where unemployment is higher and labour costs lower. One Cypriot wholesaler in North London is now opening a unit in the Welsh Valleys, where the collapse of the mining industry has left a legacy of high unemployment. The factory will be cleaner and more modern than its London equivalent. The workforce, mostly the wives of redundant miners, will be unionised. But their labour is cheap: £2 an hour for a machinist in the Valleys, against £2.50 in London. The rag trade is resilient. There may be no new influx of immigrants to take the place of the Asians, when they move onwards and upwards out of Brick Lane. Plump pay packets and skill shortages may chase the sweatshops out of Mrs Thatcher's sunrise South East. But as long as there are depressed areas of Britain, the rag trade and workshops like Mr Miah's will survive.

MAN IN THE NEWS

Brian Cox Bête noire of the teachers back in favour

By David Thomas



confident of "immense support among traditional teachers," according to Mr Cox. Mr Cox ticks out two particular milestones in the transformation of public opinion in the mid-1970s. First was the revolt of working-class parents in the "Red" schools, the first of a series of curricula at the William Tyndale school in Islington. The second, a year later, was a speech by the then Prime Minister, Mr James Callaghan, at Ruskin College, Oxford, acknowledging Labour Party concern about school standards. From then onwards, Brian Cox has been on the winning side. Although he believes that Mrs Thatcher's Government, preoccupied at first with the unions and inflation, was a little slow to tackle education, he describes this year's Education Reform Act as "a kind of sum-

English by the time they are 11

The controversy arises over the speed with which children should learn to speak Standard English. The problem, which Mr Cox thinks is ultimately for teachers to resolve, is how to phase the transition for children whose parents do not speak Standard English. Mr Cox believes that heavy-handed correction of a 7-year old's speech is, in effect, telling the child: "your mother doesn't know how to speak properly." Mr Cox, whose own Grimsby burr is barely discernible, also defends the report's contention that it is possible to teach children to understand linguistic terms such as "noun" and "verb" without putting them through the mill of formal grammar lessons. "I spent years learning the pluperfect in French. It was a complete waste of time." He rejects charges that the targets set out in the report (for instance, that the average 11-year old should be able to "read regularly over a widening range of prose and verse") are too vague. However, pleading the five month deadline imposed on completion of the report, Mr Cox stresses the importance of follow-up examples which will flesh out the targets. "These examples will in turn be used to help assess children at the ages of 7, 11, 14 and 16 - the key moments in a child's education," says Mr Cox, by which the national curriculum will raise the performance of all schools to that of the best. Meanwhile, Mr Cox is pleased his report has been well-received by the teaching profession. Not so long ago, he suggests, much of the profession would have been against the very concept of a national curriculum or being forced to teach Standard English. The final irony of this week was the sight of Mr Cox, once a leading bête noire of the educational establishment, taking comfort in praise from the National Union of Teachers.

WHY UNIT TRUSTS? Table with columns for Value of £1,000 invested, Average Performance, and Best Performance. Below the table is an advertisement for 'Why The Select Managers Fund?' with a form to request details.

UK COMPANY NEWS

British Gas lifts dividend despite increased losses

By Max Wilkinson, Resources Editor

BRITISH GAS yesterday announced a 10 per cent rise in its interim dividend to 2.79p, despite a large increase in first-half losses over the comparable period last year.

Mr Robert Evans, chief executive, told analysts that the company had expected to do worse in the six months to October 2 than in the second half of its financial year, because of the highly seasonal demand for gas.

Pre-tax losses increased from a restated £31m for the slightly shorter first half last year to £107m this. These figures are on a current cost of supplies basis. On a historical cost basis, taxable profits fell from £111m to £28m between the two periods. Interest charges rose from £34m to £43m. The tax charge was reduced to £10m (£40m). In the 12 months to October 2, pre-tax profits on a current cost basis were £932m (£1.1bn), and on an historical cost basis £1.17bn (£1.35bn).

Losses per share increased from 1.7p to 0.5p. On an historical cost basis, earnings declined from 1.7p to 0.5p.

The company said that acquisitions such as Bow Valley Industries and Acre Oil

Monument buys N. Sea assets in £30m deal

By David Waller

MONUMENT OIL and Gas yesterday announced its first major acquisition since the arrival of a new management team at the USM-quoted company in the summer.

It is buying the Efta Petroleum Mitre, a subsidiary of Petrofina, Belgian oil group, for £30.1m cash to be raised via a vendor placing of 200.8m new shares, increasing the former's share capital by five times with a capitalisation of £50m.

After a long period of time in which independent oil companies have found themselves gobbled up by the majors, the stock market responded warmly to the birth of a new company. Monument's shares jumped 23 per cent yesterday to close up 4.2p at 19p, well above the 15p price of the new shares.

Mr Tony Craven Walker, former chief executive of Charterhouse Petroleum, who brought a new management team and new investors to Monument in July, said that the deal would transform the company into a significant oil and gas exploration concern.

Furthermore, he claimed a great deal of familiarity with the assets being acquired, as they are basically those he built up when he was head of Charterhouse. The principal oil producing assets are located in the North Sea and include a 1.25 per cent interest in the Forties, a 12.7 per cent interest in Buchan and a 2.45 per cent stake in Tiddie.

Mitre's proven and probable commercial and potentially commercial reserves amount to 16.7m barrels of oil and 3m cubic feet of gas, of which 12.1m barrels and 1.7m cubic feet of gas are proven. The price per barrel of oil equivalent works out at about £1.50 on the basis of current oil prices.

With an immediate increase in Monument's oil and gas production to more than 6,000 barrels per day, the impact on the company's cash flow will be dramatic: from a mere £2,000 every six months, it will increase to £100,000 per day.

The deal also increases Monument's cash resources by £7m to £10m.

The new shares have been provisionally placed with a range of institutions, but there is a full clawback for existing shareholders on the basis of 120 new shares for every 31 already held. Nimer, the company formed by Mr Craven Walker after Charterhouse was taken over in 1986, will be taking up its full entitlement to maintain its 40.24 per cent interest.

Further consideration of up to £3m is payable if oil prices rise to \$16 per barrel or more for certain periods during the 18 months beginning next year.

Management needs time to revitalise York

Clare Pearson sums up Armstrong's defence against the Wardle Storeys bid

IF THERE is one cliché of takeover battles, it is that the target will definitely spare Armstrong Equipment shareholders as it attempts to persuade them it is "industrial synergy".

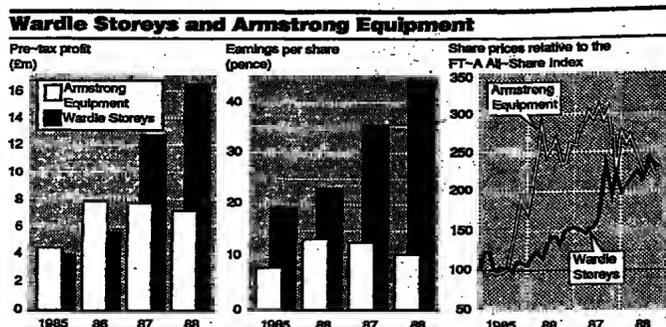
Instead, the maker of plastic sheetings and survival equipment which launched an \$88m bid for the motor components and industrial fasteners group this week, will rest its case in an extremely track record in acquiring underperforming manufacturing companies and, as that other well-worn phrase goes, making the assets sweat.

Under the control of Mr Brian Taylor, chief executive, Wardle has over a four-year period seen pre-tax profits rise from £3.1m to £16.5m.

At the same time, relentless attention to management detail and a conscientious avoidance of the temptation to fall over the past year, can barely muster a defence.

However, Armstrong shareholders would not be the first to resist a Wardle approach. Although shareholders in RFD, the diversified group of which only the survival equipment interests remain within Wardle, gave in after a fight in 1986, those in Chamberlain Phipps, shoe components and adhesives manufacturer, decided otherwise early last year.

Admittedly, the latter £44m bid took place in that particularly adverse period for con-



tested bids just after the had publicity surrounding BTR's offer for Pilkington, and before the Conservative Government had been re-elected.

Also, Chamberlain managed to put together much better than expected results before the bid closed. Armstrong, on the other hand, is having to brace itself for what it knows will be dismal figures for the six months to January 31 as a result of problems identified at its York factory in the summer.

This is what Wardle means when it says Armstrong has continuing management problems.

Originally run by the flamboyant Mr Harry Hooper, at the end of 1986 Armstrong was delivered into the hands of Mr Roy Watts, also chairman of Thames Water Authority.

It may, incidentally, be no accident that Wardle has launched its bid just at the

point where the Thames post is placing particularly onerous demands on Mr Watts' time as water privatisation looms.

The achievement of the Watts era has been to reduce earnings substantially and sell off a great many peripheral parts of Armstrong.

However, no sooner had the company appeared to make headway in trimming itself down than it discovered a complicated problem at its most important shock absorber plant. The consequent blow to its profits came after earnings had already been hit the previous year by a £13m extraordinary charge to cover the elimination of loss-makers.

Nor can the difficulties at York be solved overnight. Essentially, the company had been taking on business on terms that were out of line with its costs. It exacerbated the problem by accepting more

work than it was itself able to satisfy, leading it to buy in parts at further expense. A lengthy process of renegotiation of contracts and internal sorting out is still in train.

However, Armstrong supporters argue that for Wardle to take advantage of this setback is opportunistic on the grounds that its management, which is tackling the problem, has been in office for too short a time to be dismissed as incompetent.

Mr Michael Shaw, managing director, and Mr John Pratt, finance director, both have backgrounds in the automotive parts industry and joined Armstrong in the summer of 1987.

At the line level, the management is even more recently installed. The York factory only acquired its own managing and finance directors - who identified its problem - early

this year, even though it was the chief manufacturing centre.

Armstrong is also, naturally, arguing with the offer terms. There may not be much scope for improvement, given Wardle's less than generous reputation.

Apart from the fact that there is no all-cash alternative, the Wardle package of shares and cash values Armstrong shares at about 160p, against yesterday's closing price of 168p.

Some analysts say the shares merit around 180p. But Wardle's cash does not take into account uncertainties over when the York factory's profitability will improve, the prospect of a rising tax charge and the fact that Armstrong's pension fund holiday will not go on forever.

However, the most important consideration for shareholders is surely that there ought, in theory, be a good chance of a rival bidder emerging.

As the seventh largest shock absorber manufacturer in the world, operating in an environment where customers such as Ford are placing greater pressure on their suppliers both to concentrate production of different parts within single units, and to be more global in their scope, Armstrong should be attractive to a range of companies in the international scene.

As one analyst summed it up: "There is no commercial logic to Wardle's bid, and there are plenty of good reasons why Armstrong should fall into the arms of someone else. The question is whether that someone else can move quickly enough."

Erskine House expands in US with £11.6m buy

By Andrew Hill

ERSKINE HOUSE Group, fax and photocopier distributor, is expanding its operation on the west coast of the US with yet another acquisition - its fifth in the past two months.

OMI Group, which sells and services copiers and fax machines in the San Francisco Bay area, is being bought for up to \$21m (£11.6m) in cash and shares.

An initial payment of \$19.6m - \$1m-worth of new Erskine ordinary shares and the balance in cash - will be increased by \$1.4m if OMI's pre-tax profits for the year ending March 31 1990 exceed \$3.4m.

OMI is principally a dealer in Sharp equipment, but also holds dealerships for Konica

Beauford makes agreed £11m offer for Dale

By Andrew Hill

TWO SMALL manufacturers of engineering equipment - Beauford Group and Dale Group - are merging to increase their financial, technical, and manufacturing muscle.

Beauford, which makes heavy-duty equipment for the steel and energy industries among others, announced a recommended bid for Dale, valuing the mining equipment group at about £11m, or 90p a share, level with yesterday's closing price, up 3p.

Beauford is offering 90 new cumulative, non-voting, non-redeemable preference shares, or 81 convertible preference shares and 90p in cash for every 100 Dale ordinary.

Accepting shareholders will be able to take a higher proportion of the alternative offer in cash, depending how many take up the all-share offer.

LOFs dismisses Norex bid as 'uncertain'

By Vanessa Houlder

NOREX, shipping and insurance company, yesterday announced details of its bid for London & Overseas Freighters (LOFs), tanker group.

Norex is offering one share for every 60 LOFs ordinary or preferred shares. This deal also depends on the bulk of the negotiated settlements between LOFs and its banks staying in place, together with certain amendments.

Norex, which had net assets of \$4.1m in June, said that it had secured substantial financial support from Robert Fraser & Partners, its adviser.

LOFs had secured from its bankers, he said.

Norex's offer depends on LOFs shareholders voting down capital reconstruction plans at extraordinary general meetings on Monday and Tuesday. These plans centre on a \$4.5m rights issue which would increase LOFs' capital tenfold.

Norex claims that these proposals leave shareholders with the "unattractive choice" of putting fresh money into LOFs without any indication of the directors' plans or allowing up to 90 per cent of the equity to

pass into the hands of Seneca, a shipping company owned by the Kukulundis family that has underwritten the offer.

Norex is offering one share for every 60 LOFs ordinary or preferred shares. This deal also depends on the bulk of the negotiated settlements between LOFs and its banks staying in place, together with certain amendments.

Norex, which had net assets of \$4.1m in June, said that it had secured substantial financial support from Robert Fraser & Partners, its adviser.

The loans would be fully supported by LOFs' two oil tankers, valued by Norex at \$32m.

LOFs said that on this value after reconstruction would be equivalent to 60p per share, compared with the rights issue price of 40p.

Earlier this week, LOFs warned that if the resolutions were not passed, it would be obliged to sell the ships. After repayment of its liabilities of \$40.5m, it was "extremely unlikely" that there would be any surplus.

Brierley raises Vickers stake to 9.04%

By David Waller

MR RON BRIERLEY, New Zealand-based entrepreneur, has increased his stake in Vickers, engineering and Rolls Royce cars group, from 5.2 to 9.04 per cent.

IEF Securities, part of the Brierley group of companies, was first revealed as a shareholder at the beginning of October. The news that IEF now holds 23.5m shares failed to make much of an impression on the market, and the shares closed just 1p higher at 188p.

Vickers said yesterday that it had had no communication with Mr Brierley but he was welcome as a long-term investor. Mr Brierley could not be contacted.

Speculative activity has kept the shares buoyant despite a 4 per cent fall in first half pre-tax profits to £24.5m, announced last September.

Meanwhile, the company is anxiously awaiting the UK government's decision on a £1bn contract to supply 500 tanks to the UK army to replace the 600 ageing Chieftain tanks.

Nestor buys manpower agency for £4m in shares

By Andrew Hill

NESTOR-BNA, nursing agency and operator of nursing homes, is expanding into specialist temporary employment with the acquisition of Scott-Grant Organisation, a manpower agency serving the manufacturing, construction, service and government sectors. The consideration is an initial \$4.13m in shares.

Separately, Nestor is buying, for \$2.6m, New Hall Hospital, a private nursing hospital in Wiltshire. New Hall is already managed by a Nestor subsidiary.

Some £2.31m will be paid in cash and the balance through the issue to the vendors of 1m new shares.

Kelt/Carless

Kelt Energy, the oil independent bidding £200m for Carless, raised its stake in the larger group to 7.73 per cent through market purchases.

The group is to issue 454m new ordinary shares to the vendors of Scott-Grant, 2.82m of which will be placed with institutional investors at 90p apiece.

This compares with yesterday's unchanged closing price for Nestor of 94p.

The initial payment is based on pre-tax profits of £575,000 in 1988.

If Scott-Grant's pre-tax profit grows by 22 per cent and 35 per cent in 1989 and 1990 respectively, the total payment could reach £5.5m in shares and loan stock, or a maximum of £9.13m if profits increase by 33 per cent and 47 per cent in those years.

Strong answers account queries

By Nikki Tait

SIR IAN MORROW, chairman of Strong & Fisher (Holdings), which is involved in a £40m bid for rival leather group Pittard Garner, yesterday wrote to S&F shareholders, claiming that the company's 1987/8 profits were earned entirely from trading activities and were not affected by the release of provisions.

Pittard had suggested that provisions of about \$8.5m may have been following the acquisition of Goshall and queried whether these had any bearing on the profit figures.

In his letter, Sir Ian says Goshall was overstocked on acquisition with raw material "of uneven quality at a cost substantially above the then market price." He adds that, in accordance with normal accounting practice, stock was revalued at the lower of cost and net realisable resulting in a reduction in the value of stocks of \$4.63m.

He points out that Goshall contributed £1.8m to the S&F figures in 1987/8, but this arose "principally from the value added by S&F in the processing into saleable product of the large amounts of raw material acquired."

He adds: "The profits from Goshall did not arise from the release of provisions."

Sir Ian's letter also says that a £1.78m provision for reconstruction costs was made plus a £1.45m provision for capital gains tax arising from the revaluation of tangible fixed assets.

Pittard Garner said that the letter confirmed its understanding that stock provisions were made, and that it would comment more fully on Monday.

Beauford makes agreed £11m offer for Dale

By Andrew Hill

TWO SMALL manufacturers of engineering equipment - Beauford Group and Dale Group - are merging to increase their financial, technical, and manufacturing muscle.

Beauford, which makes heavy-duty equipment for the steel and energy industries among others, announced a recommended bid for Dale, valuing the mining equipment group at about £11m, or 90p a share, level with yesterday's closing price, up 3p.

Beauford is offering 90 new cumulative, non-voting, non-redeemable preference shares, or 81 convertible preference shares and 90p in cash for every 100 Dale ordinary.

Accepting shareholders will be able to take a higher proportion of the alternative offer in cash, depending how many take up the all-share offer.

Plessey repeats 'rejection' of bid

By Nikki Tait

Plessey, the defence and telecommunications group which is facing a £1.7bn bid from the newly-formed GEC-Siemens joint venture company, yesterday reiterated its "emphatic rejection" of the offer.

In a letter to shareholders, Sir John Clark, Plessey chief executive, said: "Over the last year, Plessey has taken several major initiatives to implement its strategy aimed at increasing the company's worldwide strength in telecommunications, defence electronics, micro-electronics and information technology."

The bid, he said, would deny shareholders "the benefits of these strategic moves."

In the market, Plessey shares were up 5p at 224 1/2p - just 1/2p short of the GEC-Siemens offer price, on thoughts that other groups might be interested in the UK company and vague speculation about management buy-out possibilities.

Acatos Spanish deal

Acatos & Hutcheson, edible oils producer, is establishing a joint venture in Spain with Elosua, one of Spain's largest food groups.

The new company, Margarias y Aceites Ibericos will be 49 per cent owned by A&H.

The combined group will incorporate the oil-belt, oilseed and industrial oil business of Acates, Elosua and A&H's Sevilla-based Pura Refisor business.

New year sale for Hamleys

By Maggie Urry

LOWNDES QUEENSWAY, the furniture and carpets group formed by the takeover of Harris Queensway in the summer, announced yesterday that sales of two subsidiaries - Hamleys, the toy shop in Regent St, London, and Poundstretcher, a discount chain - are not likely to be completed until the new year.

Lowndes Queensway is hoping to raise up to \$55m from the two disposals, which will go towards paying off the debt taken on in connection with the takeover.

P and S boosted by strong advertising

By Vanessa Houlder

STRONG NEWSPAPER advertising and retailing sales helped Portsmouth and Sunderland Newspapers, printing, publishing and retailing group, to increase pre-tax profits by 32 per cent to £3.29m against £2.49m for the half year to October 1. Turnover increased from £30.1m to £34.5m, a rise of 16 per cent.

Earnings per share increased by 37 per cent to 16.8p (12.3p). The interim dividend has been increased by 25 per cent to 1.1p (1.2p).

Mr Charles Brims, chief executive, said that he was confident that the second half of the year would continue the growth seen so far.

Advertising sales increased by 24 per cent with particularly strong growth from property, motors and situations vacant.

Newspaper sales were flat although revenues increased by 7 per cent. The company was now giving a high priority to expanding sales by increasing its marketing effort, it said.

Contract production revenue was maintained despite the loss of the Observer and Guardian contracts. From September the Sunday Mirror and Sunday People have been printed at Portsmouth and the Sunderland Presses have been printing 100,000 daily copies of The Post since November 9.

Taken together with the commissioning of a new press in Portsmouth and the opening of a new shift in Sunderland, contract revenues are expected to be strengthened for the rest of the year.

Profits from the Portsmouth

Dividends Announced

Company	Current payment	Date of payment	Corresponding dividend	Total for last year
British Gas	0.98	2.5	0.8	1.78
British Telecom	1.0	2.5	0.8	1.8
City of London	0.75	1.5	0.5	1.25
Owen & Robinson	1.1	1.5	0.5	1.6
Porter/Sund News	1.51	Dec 22	1.21	2.72
Pratt/Martins	3.3	1.5	1.2	4.5

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issues. RISM stock £5/quoted stock. #Third market. \$For seven months.

LONDON RECENT ISSUES

Code	Company	Issue	Price	Yield	Div	Yield	Div	Yield
60	Admiralty	200	105	10.5	10.5	10.5	10.5	10.5
61	Admiralty	200	105	10.5	10.5	10.5	10.5	10.5
62	Admiralty	200	105	10.5	10.5	10.5	10.5	10.5

FIXED INTEREST STOCKS

Code	Company	Issue	Price	Yield	Div	Yield	Div	Yield
100	British Gas	100	105	10.5	10.5	10.5	10.5	10.5
101	British Gas	100	105	10.5	10.5	10.5	10.5	10.5
102	British Gas	100	105	10.5	10.5	10.5	10.5	10.5

RIGHTS OFFERS

Code	Company	Issue	Price	Yield	Div	Yield	Div	Yield
200	British Gas	200	105	10.5	10.5	10.5	10.5	10.5
201	British Gas	200	105	10.5	10.5	10.5	10.5	10.5
202	British Gas	200	105	10.5	10.5	10.5	10.5	10.5

TRADITIONAL OPTIONS

● First Dealings Nov 18
 ● Last Dealings Nov 18
 ● Last Declarations Feb 8
 ● For Settlement Feb 20

Thomson T Line, Lloyds Chem, Costain, Sargas, Dewhurst, Grand Difrus, P&L, Belhaven, Bolson, Caspar, Waterford Glass, Blue Arrow, Aaronsen, Kales, GIP, Priest (Ben), Fontaine, VSEL, Regentian Props, Regentian, Put in, Cadbury, Ruseburn, Saville, P/C in Charter Cons.

MARKET STATISTICS

ECONOMIC DIARY

MONDAY: Financial Times holds conference "Europe 1992 and beyond..."

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Bid, Ask, Last, Vol, and Date. Lists various options contracts.

BENCHMARK GOVERNMENT BONDS

Table showing bond yields for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, and Australia.

BASE LENDING RATES

Table listing various banks and their base lending rates for different terms.

FACTORING advertisement: The Financial Times proposes to publish this survey on 27th January 1989.

FT-ACTUARIES SHARE INDICES

Large table showing FT-Actuaries Share Indices for various equity groups and fixed interest instruments.

FT ESSENTIALS... A LITTLE LUXURY YOUR BUSINESS CAN AFFORD.

Advertisement for FT Essentials, a business directory. Includes text about its features and an order form.

The Naked City: a 4-week visit. FREE.

Advertisement for Investors Chronicle magazine, featuring a 4-week trial offer.

INTL COMPANIES

Japanese trading houses lifted by domestic demand

By Gordon Cramp in Tokyo

JAPAN'S big trading houses drew strength from expanded domestic demand in the first half to September, offsetting lower returns from their worldwide oil distribution operations, and all reported improved earnings.

The six trading houses, which provide the key conduit in Japanese commerce internally and abroad, were also able to slow their sales of securities and other assets such as land.

Such disposals had helped improve earnings in recent years as the high yen and its effects on the country's basic industries - in which the traders have invested heavily - made necessary a swathe of extraordinary write-offs which were absorbing as much as half their pre-tax profits.

Mitsubishi Corporation said yesterday that, as a result, gains from securities sales were down by 170m (\$77m) this time. It had now begun rebuilding its investment portfolio, the company added.

Mitsubishi remained by far the most profitable of the six, despite showing the smallest pre-tax rise and retaining its ranking of only fifth by revenues.

JAPANESE TRADING HOUSES' PROFITS (Ybn)

Table with columns for Sales, Pre-tax profit, and Net profit for 1988 and 1987 for companies like C. Btoh, Sumitomo, etc.

Amcor counters Brierley bid for Edwards Dunlop

By Chris Sherwell in Sydney

AMCOR, Australia's leading paper, pulp, and packaging manufacturer, yesterday continued its aggressive expansion drive with a bid for Edwards Dunlop, the Australian paper manufacturer and distributor.

The bid, valued at \$42.25 per share, offers a 25% premium on the company's current price.

Earlier this month, Amcor announced its first major direct investment in North America with the \$210m (US\$130m) purchase in Canada of Twinkap, a leading manufacturer of plastic containers and flexible packaging.

Lloyds Bank to sell 25% of SMH to executives

By David Lascell, Banking Editor

LLOYDS BANK OF THE UK is to sell up to 25 per cent of its subsidiary, Munichmeyer, Hengst, its German investment banking subsidiary, to senior executives to give them a greater stake in the performance of the bank.

In the first instance, four executives will buy slightly below 5 per cent, but over time, management will be able to buy additional shares.

Lloyds said yesterday: "The new structure is designed to allow the executives a greater degree of personal involvement and to apply their skills in a way which will ensure the continuation and successful course of the bank."

Campbell's Soup to raise £100m

CAMPBELL'S Soup has asked Kleinwort Benson to arrange a £100m, commercial paper programme - its first short-term borrowing in the Euro market - writes Norma Cohen.

The funds will be used to provide capital for UK operations and will not be swapped.

FOREIGN EXCHANGES

Dollar nervous despite support

THE DOLLAR failed to hold early gains, despite repeated intervention by several central banks, and finished only marginally firmer on the day.

However, central banks met with only qualified success, with some of the effect of the dollar support package apparently undermined by comments made by Mr Nicholas Brady, the US Treasury Secretary.

The dollar closed at DM1.7350, up from DM1.7285 on Thursday, but over one pence below its best. It was weaker against the yen at ¥122.55 compared with ¥122.60 at the close, down from ¥122.89 on Thursday, although the D-Mark showed an improvement from its opening level of ¥70.55.

figures, the dollar's exchange rate index finished at 93.6 from 93.7 on Thursday.

Sterling recovered from a weaker opening to finish largely unchanged on the day. Its exchange rate index was quoted at 77.2, the same as the opening and Thursday's close.

Data released on inflation and money supply failed to have much effect on the pound, and it closed at DM3.1625 from DM3.1500, and \$1.8165 compared with \$1.8215.

Against the yen, it finished at ¥122.55. Elsewhere, it finished at FF10.7725 from FF10.7600 and SF2.6475 from SF2.6400.

The dollar's decline in yen terms, and its improvement against the D-Mark, left the West German unit slightly lower against the yen. The key cross rate fell to ¥70.55 at the close, down from ¥70.89 on Thursday, although the D-Mark showed an improvement from its opening level of ¥70.55.

£ IN NEW YORK

Table showing £ in New York rates for Nov 18 and 19, 1988.

STERLING INDEX

Table showing Sterling Index for Nov 18 and 19, 1988.

CURRENCY RATES

Table showing currency rates for various countries like US Dollar, Swiss Franc, etc.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

FORWARD RATES AGAINST STERLING

Table showing forward rates against sterling for various currencies.

MONEY MARKETS

UK rates fall back

UK INTEREST rates were slightly lower at the longer end yesterday. October money supply figures showed a reduction in bank lending and in the narrowly defined M0 money supply aggregate.

Dealers suggested that this may be one of the first signs that high UK rates are beginning to reduce inflationary pressures.

The Bank of England forecast a shortage of around £900m and offered an early round of assistance. This resulted in outright purchases of £30m of eligible bank bills in band 4 at 11 1/4 p.c.

Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £700m.

There was also a rise in the note circulation of £340m. These were partly offset by Exchange transactions.

Further assistance was given during the morning of just £12m, comprising £2m of eligible bank bills in band 2 at 11 1/4 p.c. and £10m in band 4 at 11 1/4 p.c.

The Bank revised its forecast to a shortage of around £920m, and gave help in the afternoon of £616m, £500m through outright purchases of eligible bank bills in band 1 at 11 1/4 p.c. and £16m in band 2 at 11 1/4 p.c. Late help came of £150m, making a total of £708m.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

MONEY RATES

Table showing money rates for New York and London.

LONDON MONEY RATES

Table showing London money rates for various currencies.

CURRENCIES, MONEY AND CAPITAL MARKETS

LIFFE LONG GILT FUTURES OPTIONS

Table showing LIFFE Long Gilt Futures Options.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options.

LIFFE FT-SE INDEX FUTURES OPTIONS

Table showing LIFFE FT-SE Index Futures Options.

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WORLD STOCK MARKETS

AMERICA

Steady dollar allows Dow to take breather

Wall Street

STABILITY in the foreign exchange markets overnight provided a breathing space for Wall Street after the hectic activity of the past week...

With no lead-offers by either the currency or bond markets, the Dow spent the whole morning almost motionless within a 5-point band...

Canada recovered a little yesterday, before Monday's general election, writes Andrew Marshall in Toronto. The Toronto composite index stood 4.58 higher at noon at 3,203.14...

Canada

NERVOUS equity markets in

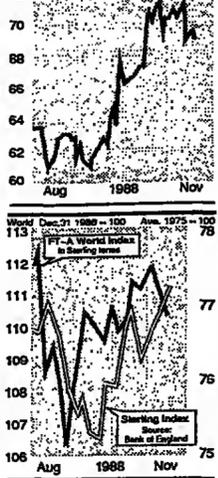
Milan's bigwigs back the battered small investor

The conventional wisdom about the Milan bourse this autumn is that after a lengthy period of stagnation the Italian equity market is again showing signs of life...

ride too many times. The big groups have manipulated it, the share deals have generally hurt the small investor...

Italy

FT-A World Index (2 terms)



EUROPE

Nestlé decision spurs hectic trade in Zurich

AN UNSETTLED week dominated by worries about the dollar ended on a positive note for most European bourses, with Zurich advancing firmly amid confusion as investors switched between different types of stock...

Switzerland, where trade and price reporting in Nestlé was at times delayed, much of the heavy activity in the stock took place in other European markets...

PARIS preferred to stick with the same old stories and ended slightly higher after profit-taking reduced early gains. Popular names were again Matra, up 2.72%...

AMSTERDAM managed to end a week of nervous, thin trading in a quietly positive mood. Thursday's co-ordinated intervention to support the dollar helped temporarily ease worries about the long-term direction of the US currency...

MADRID ended lower again in response to the overnight drop on Wall Street, in spite of news that inflation last month was lower than expected...

ASIA PACIFIC

Record-breaking week for Nikkei

THE OVERNIGHT rally on Wall Street and a slight uptrend in the yen's sharp upward trend inspired investors to continue their buying spree yesterday and the Nikkei ended the week with yet another record high...

domestic consumption stocks, partly as a result of currency market uncertainties and partly in response to the announcement yesterday by a leading broker that those issues would be market leaders for some time...

Forest, paper and transport groups were the big winners. The 225-share bid for paper merchant Edward Dunlop...

HONG KONG closed higher on central bank support for the ailing dollar and confidence in the strength of the local dollar. The Hang Seng index added 12.37 to 2,581.16...

TAIWAN finally broke through the psychological barrier of 7,200, as shares rose for the seventh day in a row, during which period the weighted index had added 10 per cent to its value...

SOUTH AFRICA

TRIN trading in Johannesburg left gold stocks mixed to lower in spite of a steady bullion price. Randfontein lost R2 to R275 and Vaal Reefs dropped R3 to R270...

investment bank a leading intermediary for foreign investors, was the most direct: 'We Italians like to stick out our chests and proudly proclaim that we are the world's fifth biggest economic power...'

Along with every important corporate deal in post-war Italy including this year's Ferruzzi restructuring, was the handy work of Mr Enrico Cuccia...

Alan Friedman

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday November 17 1988, Wednesday November 16 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, South Korea, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, North America, Europe Ex-UK, World Ex-US, World Ex-UK, World Ex-SOAF, World Ex-Japan, and World Index.

Over 45,000 private investors have already discovered how to receive regular, impartial, expert advice on their money. ABSOLUTELY FREE. Includes text about international investment and a form to request a free copy of 'The International' magazine.

LONDON STOCK EXCHANGE

Equities continue to watch the dollar

TRADING IN international stocks and Government bonds was subdued in London yesterday as the securities markets watched the renewed drive by central banks to support the US dollar and digested the latest data on UK inflation, money supply and bank lending.

London was still waiting to see if the central banks' action will be enough to stem pressure against the dollar, or whether the authorities will be obliged to raise interest rates.

The rise of 25bn in the bank and building society lending total was a shade better than predicted, strengthening perceptions that 12 per cent base rates are succeeding in checking consumer borrowing.

Equity turnover, at 562.3m shares through the S&P system against 496.2m on Thursday, reflected continued activity in electronic stocks in the wake of this week's £1.7bn bid for Plessey from GEC and Siemens.

Equities opened higher on a heavy mixture of dollar support and overhanging bid excitement, but soon backed off in the absence of genuine investment interest.

STC link in Plessey market

Plessey, one of the market's best performers since the 25p share jump bid from GEC/Siemens was announced on Wednesday, were again heavily traded with 17m shares changing hands as late speculation of a counter bid from electronics group STC swept the market.

The periodic bouts of takeover speculation in Plessey during the past two years have often thrown up the name of STC as one of the most likely bidders.

Plessey was trading around the 22 1/2 level with sentiment still disturbed by Thursday's interim results, which were at the bottom end of analysts forecasts, before late speculation drove the shares up to 22 1/2.

Dealers reported a wave of heavy buying interest much of which appeared to have emanated from the traded options market.

There was also heavy trading in GEC shares which "cracked" as one dealer put it, early in the session, having risen sharply over the week.

Dealers noted unusual inactivity on the part of the London securities house assumed to be conducting Mr Alan Bond's business, this following reports - wholly unsubstantiated - that his Lomro stake had been sold to finance a fresh attack on Allied-Lyons.

Account Dealing Dates

Table with columns for dates: 1988, 1989, 1990. Rows include: First Quarter, Second Quarter, Third Quarter, Fourth Quarter, Annual Accounts, Dividend Dates.

FT-4 All-Share Index

They backtracked to 408p before closing a net 3 higher on the session at 411p.

Allied-Lyons

Influenced by talk late the previous evening of a buyer prepared to purchase unlimited stock at 48p a share, Allied-Lyons opened sharply higher.

This market is scary, said one trader, adding: "One feels there is something in the background, whether it be an offer from Bond (a 12 per cent shareholding) or some other source. I suppose investors think there is little downside, only upside in the shares and that they can come to little harm."

The oil and gas sector showed the majors under pressure but a fresh bout of speculative activity kept some of the second liners on the boil.

Opinions on the stock were sharply divided and roughly even, despite talk that wholesale profits downgradings for the full-year and next year could be on the way.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for 1988 across various sectors like Chemicals, Electronics, Food, etc.

Equity Shares Traded

Table showing turnover by volume (million) for various sectors: All-Share, Chemicals, Electronics, etc.

At the close the shares were 2 easier at 161 1/2p, having dipped to a year's low point of 160 1/2p in mid-September.

Weak crude oil prices - December Brent dropped £0.12 at 41p at the time before falling to the OFEC pricing committee meeting was adjourned - upset BP and Shell.

Activity in Ferranti slowed from the huge levels seen on Wednesday and Thursday but yesterday still produced a turnover of 11m shares, bringing the three-day total to more than 60m, or well over 10 per cent of the company's equity.

British Telecom, after the much better than expected second quarter results issued on Thursday, moved up 3 more to 257p on turnover of 5.5m, with dealers reporting keen buying on the inter-broker dealer screens coupled with substantial bear clothing.

Amstrad were a notable weak spot and the shares dropped 7 to 177p on turnover of 5.2m after an announcement that Mr Colin Heald, head of Amstrad's manufacturing has left the company "to take up a post in the far east."

Chloride leapt 6 to 66p as speculation of a management buy out re-surfaced. BSE, involved in unsuccessful discussions with a possible predator a couple of months ago, picked up late in the session.

and closed 1 1/2 up at 80 1/2p. Vickers reacted swiftly to news that IEP Securities, a subsidiary of Sir Row Brerley's Industrial Equity (Pacific), had a 9.04 per cent stake.

Takeover speculation continued to encompass the foods sector after moves by Swiss group Nestlé to equalise its share and registered stock and its proposal to launch a rights issue in the new year.

Unigate and United Biscuits, two of the so-called bid favourites in the sector, were highlighted as possible targets for the Swiss group.

Unigate Biscuits settled 5 1/2 up at 202 1/2p after turnover of 3m. Revised talk that AB Foods will return with another bid for S & W Berisford led the latter a shade up at 400p; dealers said around 10 per cent of Berisford's shares had changed hands over the past two weeks.

Analysts afforded a buy recommendation to B&A after the interim results but the shares still came under pressure and closed 5 down to 5 at 278 1/2p.

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FINANCIAL TIMES STOCK INDICES

Table showing stock indices for Nov 1988, Nov 1987, Nov 1986, Nov 1985, Nov 1984, Nov 1983, Nov 1982, Nov 1981, Nov 1980, Nov 1979, Nov 1978, Nov 1977, Nov 1976, Nov 1975, Nov 1974, Nov 1973, Nov 1972, Nov 1971, Nov 1970, Nov 1969, Nov 1968, Nov 1967, Nov 1966, Nov 1965, Nov 1964, Nov 1963, Nov 1962, Nov 1961, Nov 1960, Nov 1959, Nov 1958, Nov 1957, Nov 1956, Nov 1955, Nov 1954, Nov 1953, Nov 1952, Nov 1951, Nov 1950, Nov 1949, Nov 1948, Nov 1947, Nov 1946, Nov 1945, Nov 1944, Nov 1943, Nov 1942, Nov 1941, Nov 1940, Nov 1939, Nov 1938, Nov 1937, Nov 1936, Nov 1935, Nov 1934, Nov 1933, Nov 1932, Nov 1931, Nov 1930, Nov 1929, Nov 1928, Nov 1927, Nov 1926, Nov 1925, Nov 1924, Nov 1923, Nov 1922, Nov 1921, Nov 1920, Nov 1919, Nov 1918, Nov 1917, Nov 1916, Nov 1915, Nov 1914, Nov 1913, Nov 1912, Nov 1911, Nov 1910, Nov 1909, Nov 1908, Nov 1907, Nov 1906, Nov 1905, Nov 1904, Nov 1903, Nov 1902, Nov 1901, Nov 1900.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks for various companies like British Telecom, Amstrad, etc.

Interim figures, while De La Rue rebounded 7 to 438p, defying a Nomura Research recommendation of "sell a sell on fundamentals".

Local London saw a flurry of activity late on with the shares tumbling to 460p before closing down 42 at 468p.

Capital Radio continued to perform well with a rise of 3 to 488p as analysts forecast excellent long-term growth potential following Thursday's superb results.

William Collins raced ahead for the second consecutive day in the wake of the bid from News International. The "A" shares rose 44 to 613p while the ordinary leapt 100 to 785p.

Polly Peck shares weakened when the new bid stock encountered sustained selling pressure ahead of the call due at the end of the month of 255p.

Turnover in Traded options reached 44,223 contracts, comprised of 33,982 calls and 11,241 puts.

Other market statistics, including the FT-Actuaries Share Index, Page 9.

COMMODITIES

WEEK IN THE MARKETS

Platinum - the falling star

THE PRIZE for liveliest commodity market of the week once again goes to platinum - but that will be little consolation to bulls of this metal.

Monday's \$105 bid for the London platinum market was regained with interest in the next two days. But then the sellers came out in force and by yesterday's fixing the price was down \$18.10 on the week.

After an upsurge which had added about \$8 to the price in a matter of weeks and widened the premium over gold from \$110 to \$150, platinum was undeniably overvalued for a technical correction.

automotive industry for exhaust-cleaning platinum catalysts were "not necessarily correct". It said a quick return to surplus was possible, "inevitably" depressing the platinum price.

On the London Metal Exchange, meanwhile, copper's retreat from record highs continued early on, but prices bounced quite sharply towards the end of the week.

For the coffee and cocoa markets the maxim this week seemed to be "watch and wait". The coffee market's inactivity was due largely to the lack of positive news from the international Coffee Organisation meeting in London.

to non-members, outside their ICO quotas. Under the agreement such sales should not be at lower prices than those charged to importing country members - but so far the ICO has proved incapable of enforcing this rule.

Consuming countries, especially the US, have become increasingly angry about growing discounts on non-member sales, which have exceeded 40 per cent, and most producers recognise the undesirability of the situation.

Consumers have proposed a "universal quota" system, effectively outlawing non-member sales at any price. But the producers have rejected this as unworkable.

market by the fact that an increase of 1m bags (of 60 kg) in the 1988-89 global quota level of 56m bags would be triggered if the 18-day average of the ICO's daily composite indicator price rose above 114.40 cents a lb before the end of the year.

The cocoa market was not much more active than coffee - the March position trading in a 240 range and ending £11 down at 285 1/2 a tonne.

With no news on a long-awaited French package to rescue the Ivory Coast from the consequences of its own export pricing policy, there was nothing to buoy the market.

On the other hand, the only apparently bearish news was a forecast by London trader Gill & Duffus of a fifth successive world production surplus (of 181,000 tonnes) for 1988-89, and that came as little surprise to the market.

Richard Mooney

APPOINTMENTS

Changes at NatWest financial services

NATIONAL WESTMINSTER BANK has made the following appointments from January 1: Mr E.W. Barron becomes general manager, and Mr J.M. Lamb assistant general manager.

Mr Keith Porteous Wood has joined BOOKER WHOLESALE FOODS as finance director. He was finance director of Budgens.

Mr Ged Maloney has been appointed to the new post of sales director of INTERPRINT, Harrogate. He joins from Procter & Gamble.

Mr Frank Whiteley has been elected president of the CHEMICALS AND INDUSTRIES ASSOCIATION. He is deputy chairman of ICI, and non-executive chairman of ICI Chemicals and Polymers.

Mr Chris Head has been appointed managing director of the professional indemnity and financial institutions group of SEDGWICK ASSOCIATED RISKS.

Mr Michael Clark has been appointed managing director of newly-created MB&I COATED BOARD UK, a subsidiary of Mead Corporation, US. He was sales director of Fimnboard (UK).

Dr Malcolm Carson has been appointed engineering director of the SOUTH WESTERN ELECTRICITY BOARD. He succeeds Mr David Jones, who has been appointed deputy chairman of South Wales Electricity. Dr Carson is South Eastern Electricity's Sussex cost manager, and takes up his new post in January.

The executive newsletter for the pharmaceutical industry

PHARMACEUTICAL BUSINESS NEWS

The Financial Times new twice-monthly international review of the Pharmaceutical Industry

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insight into the latest developments in pharmaceutical research
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Handwritten note: 10/11/88

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, including columns for company name, unit price, and other financial metrics. The table is organized into sections such as 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Table listing various insurance unit trusts, including details like 'AA Priority Safety' and 'British Medical Financial Services'.

Table listing insurance unit trusts, including details like 'Continental Life Insurance PLC' and 'General Accident Life Assurance Co'.

Table listing insurance unit trusts, including details like 'General Accident Life Assurance Co' and 'General Portfolio Life Ins. Plc'.

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OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including details like 'Bullfinch & Co Ltd' and 'Charities Official Serv. Funds'.

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Table listing other UK unit trusts, including details like 'Edinburgh Fund Mgmt PLC' and 'Fidelity & General Fund Mgmt Ltd'.

Table listing other UK unit trusts, including details like 'Fidelity & General Fund Mgmt Ltd' and 'Growth & Sec. Life Assn. Soc. Ltd'.

Table listing other UK unit trusts, including details like 'Growth & Sec. Life Assn. Soc. Ltd' and 'The L&S Group'.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

Table of Other Offshore Funds listing various offshore investment funds with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various British Funds, Foreign Bonds & Rails, and Americans with columns for Name, Price, Yield, and other financial metrics.

Table of Money Market Bank Accounts listing various bank accounts with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and other financial metrics.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for stock name, price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and other financial metrics.

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CHEMICALS, PLASTICS

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DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and other financial metrics.

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ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

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ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

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22

HOPEPE
SPAIN'S SHERRY
GONZALEZ BYASS

Hunting Gate
Developments
Creating Property for Commerce
0462 3444

Ford pay award set at 8.9% for manual workers

By Charles Leadbeater, Labour Editor

AN INCREASE in basic pay of 8.9 per cent - the highest won by a large group of manual workers over the last year - is to be given to 32,000 Ford workers next Thursday. With consequential rises in overtime and shift payments, average earnings are expected to increase by up to 15 per cent.

The rises are likely to increase fears of an inflationary spiral creeping back into pay negotiations, with higher earnings in manufacturing following, and in turn fuelling, higher inflation.

The award comes as pay negotiations at Jaguar, the luxury car manufacturer, enter a critical phase, and a few days before manual workers at Peugeot Talbot submit their claim.

The Ford payment is the second, inflation-linked stage of the two-year pay deal agreed after the two-week strike at the company earlier this year.

Under the terms of the settlement, signed in February, the company gave a basic pay rise of 7 per cent, backdated to November last year.

At the same time, it agreed to pay either another 7 per cent increase from November 1988, or a rise equal to this month's inflation rate plus 2.5 per cent, whichever was the greater. Figures published yesterday by the Department of Employment showed that the inflation rate had risen to 6.4 per cent.

Although Ford pay settlements have lost the clear trend-setting position they had in the 1970s, the award is likely to raise the pay expectations of workers in other manufacturing companies. Like Ford, these have experienced strong rises in output, productivity and profits, and increasing skill shortages.

Mr Jimmy Airie, the AEU engineering union official who negotiated the deal, predicted that more unions would start pressing for inflation-linked increases, especially in deals covering more than 12 months.

The Ford settlement had an immediate impact on negotiations at other companies and established 7 per cent as a target for manufacturing unions.

In February the inflation rate was only 3.3 per cent. The company only agreed to inflation proofing during the final stages of talks aimed at ending the strike. It was the first inflation-linked agreement signed by Ford for several years.

Pay of an average assembly line worker at Ford will rise from £206.24 a week to about £223.80 a week, excluding overtime, which is running at high levels. That of skilled maintenance workers, the highest paid manual workers, could rise from £260 a week to £283.17.

Government accused over plans for higher education

By David Thomas, Education Correspondent

GOVERNMENT plans for higher education were attacked yesterday by universities and polytechnics as further doubts emerged about how the banks would be involved in the student loan scheme.

Britain's vice chancellors accused the Government of appearing to renege on concessions made during the passage through parliament of the Education Reform Act, by trying to control the financial affairs of individual universities and by seeking public scrutiny of funds raised from private sector sources.

The Committee of Vice Chancellors and Principals is objecting to clauses of an unpublished draft financial memorandum which sets out the relationship between the Government and the new Universities Funding Council, which will channel government money to the universities from next year.

They are objecting to a clause which states that the Education Secretary must give his approval before a university can borrow funds against public assets.

They say this goes against explicit assurances that the Government would not concern itself with the affairs of individual institutions, leaving this to the funding council.

However, the Department of Education and Science said last night that this clause was no different from present arrangements.

The vice chancellors are also angry about a clause which says: "The council shall keep institutions' level of balances under review as part of its responsibility for monitoring the financial health of institutions."

The universities say this contradicts their understanding that the funding council's monitoring role would apply only to its own funds.

They fear these arrangements could lead to pressure to cut universities' public funds as they build their private income and that they might have to surrender commercially sensitive details about contracts with private-sector companies.

However, the department said these fears were groundless and argued that the funding council needed to know about all income flowing into a university.

Meanwhile, Dr Clive Booth, director of Oxford Polytechnic, has written, on behalf of all

polytechnic directors, an angry letter to the Government attacking the draft financial memorandum governing the new polytechnic funding council.

The polytechnics are particularly upset by clauses stating that they can be forced to surrender to the Exchequer any proceeds from the rent or sale of their land or buildings, arguing that this undermines the new independence from local authorities being given to them by the Government. However, the funding council says these clauses are simply in line with the arrangements which have always governed universities.

The department also confirmed yesterday that it might award the entire contract for administering the new system of student loans to one bank or financial institution. It said that Girobank, the Post Office's banking subsidiary, was a candidate for this, although decisions were still a long way off.

This was being widely interpreted as an attempt by the Government to put pressure on the high street banks after they had made plain last week that they were unhappy with the initial outline of the loan scheme.

EC inches towards agreement on merger control law

By William Dawkins in Brussels

EUROPEAN COMMUNITY Governments yesterday inched towards agreement on controversial plans for an EC-wide merger control law but were still divided on several important issues.

A meeting of the Community's 12 trade and industry ministers agreed on the general principle that the European Commission should have the final say on potentially anti-competitive international takeovers.

However, several countries, led by West Germany, had serious doubts about the practical details such as how the rules would work and whether the Brussels authorities were capable of producing merger decisions fast enough.

Ministers did, however, give the Commission the go-ahead to draw up precise plans for another scheme to help companies form cross-border links - a European company statute which would provide an alternative to national company laws and involve minimum levels of worker participation.

This was in spite of protests from an isolated Mr Francis Mande, the UK junior trade and industry minister, that such a scheme "was irrelevant to achieving legitimate social objectives".

Ministers failed to resolve their differences over most of the other important proposals awaiting their decision, including the UK trade and industry minister, that such a scheme "was irrelevant to achieving legitimate social objectives".

Member states did reach accord on nine plans for dismantling barriers to the creation of a free single market in 1992, but they were mainly of limited technical scope.

While the UK appeared to have softened its previous scepticism on the merger control scheme, it threatened to throw up a fresh complication by linking the issue with draft Commission plans for an EC code on the conduct of takeovers, due to be tabled by the Brussels authorities by the end of the year, a strategy supported by France.

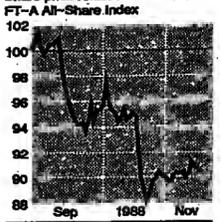
The UK scheme, separate from the EC code, would require companies to seek merger partners in more liberal countries outside the Community.

A patriotic gesture from Nestlé

After the mayhem caused yesterday by Nestlé's abrupt switch of policy towards foreign shareholders, the Swiss stock market will never be the same again. The apoplectic foreigners reportedly threatening to sue the company may not have a case in law, but they certainly have a hole in their wallets. As a result of Nestlé's action, its bearer shares - mostly owned by foreigners - lost 272m in value yesterday, while its registered shares - all owned by local residents - gained £1.4m. Even for a Swiss company, combining this with plans for a rights issue takes a good deal of brass neck; and it does not help to have a 3 per cent shareholding limit simultaneously brought in as a block against takeover.

FT Index rose 1.5 to 1,489.0

British Gas



The full impact of the MMC recommendations will probably not be apparent until the summer of 1990. But unless customers desert in droves, it should mean at worst only that British Gas's profits mark time for a year. Meanwhile, a 10 per cent rise in the interim dividend, which puts the shares on a prospective yield of 7.4 per cent, is a reasonably confident signal that the management feel the financial damage can be contained. Similarly, the failure to chase after Lasso is a sign that the company is less of a spendthrift than sometimes suggested.

European car sales

As luck would have it, British Aerospace is gathering Rover fully into the corporate fold just as the European car market finally looks set to stop defying the gravity of market expectations. Progress of its imminent decline have been around for so long and frustrated so many times, that nobody is quite prepared to say the worst is now upon us. But chances are that the downturn has indeed begun - such as it is. Sales figures published this week for October show the broadest and steepest monthly decline this year; and indications are that growth will fall off to end the year only a couple of percentage points above 1987 levels.

That will not stop 1988 being another record year, but it will probably prevent 1989 reaching any new peaks. Whether it is likely to rate much of a mention as a recession year, however, new car registrations could lose the 2 or 3 per cent they may have gained in 1988, but there should be nothing like the double digit losses of the 1970s recession. And though the car makers' earnings growth will inevitably slow next year as they fight to maintain volumes against declining demand, there should be plenty still to come from the likes of Fiat and Peugeot where earnings per share could rise by 6 and 8 per cent respectively after perhaps 13 per cent each this year. And though the Japanese are always a worry, chances are that they may wish to keep a low profile while their place in the single European future is still such a touchy subject.

South African court convicts four black leaders of treason

By Jim Jones in Pretoria

THREE SENIOR officials of the United Democratic Front, South Africa's largest anti-apartheid coalition, and one other black leader were yesterday convicted of treason following the country's most important political trial since that of Mr Nelson Mandela in 1964.

The verdict could lead to further restrictions on the UDF, which along with 17 other opposition groups, was subject to a government clampdown in February. It will also reduce the already slim likelihood that representative black leaders will accept President P.W. Botha's long-standing invitation to take part in talks on the country's constitutional future.

In the wake of the verdict, some senior western diplomats warned yesterday that the South African Government was in danger of confusing legitimate protest with treason.

Mrs Helen Suzman, the opposition MP, said after the verdict that she found it hard to envisage what other limitations could be imposed on the UDF as the present restrictions were so severe. Dr Beyers Naudé, prominent UDF supporter, said he was concerned about the implications for the country of the trial's outcome.

The Supreme Court decided yesterday that the UDF mem-

bers had helped to incite country-wide protests, which erupted into violence, by black South Africans against local authorities between 1984 and 1986.

Initially, the Government charged 22 people with treason. Three were acquitted in 1986 and a further eight were acquitted yesterday. Those found guilty will be sentenced on December 5. The offence can carry the death penalty.

Defence lawyers say an appeal will be lodged against the verdicts and that they will seek a declaration of mis-trial.

The trial was the longest political trial in South Africa.

Mr Justice Kees van Dijkhorst found the UDF's leadership had acted as the internal wing of the banned African National Congress and that the UDF had been founded at the instigation of the ANC. He described the UDF as "a revolutionary organisation" which he said had plotted with the proscribed ANC to overthrow the state violently.

Yesterday, the 41st day of the trial, the judge found Mr Popo Molefe, the UDF's national secretary, Mr Patrick Lekota, the organisation's publicity secretary, Mr Moss Chikane, the UDF's former Transvaal secretary, and Mr Mandikwe Mambatha guilty of

treason as the state had "proved their hostile intent" to overthrow the Government. The fourth man convicted of treason yesterday was Mr Thomas Mambatha.

The judge said that Mr Lekota had been in prison on Robben Island with Mr Mandela and "the learned on the knee of Mandela about the history of black oppression."

As he was being escorted to the cells below the court Mr Lekota said: "We have nothing to be ashamed of. The only people to be ashamed are the people who rule this country."

In his four-day judgment the judge convicted Mr Molefe, Mr Lekota and Mr Chikane after taking into account their leadership of the United Democratic Front.

On Thursday the judge acknowledged the UDF's 1984 campaign to persuade white, Indian and coloured voters to boycott elections for the new tri-cameral parliament had been non-violent. That was not surprising, he said, as any violence would have "scuttled" the aim of persuading Coloureds and Indians not to vote.

About 20 per cent of registered Indian voters cast their ballots in 1984 while the coloured poll was less than 30 per cent.

British Gas

British Gas has inherited British Telecom's title as the most unloved utility in the stock market. With a solid cash flow, a yield of 6 per cent above the average, a captive domestic market and no overseas exposure to talk of, it is the sort of defensive stock that should have prospered over the last year. But it has underperformed by almost a fifth - partly because the market is worried that it will waste its money on an expensive oil acquisition, but more because of fears that last month's MMC report on gas supply will make a nasty dent in its monopoly profits. On both counts, the gloom is probably overdue.

Unlike the rest of the privatisation stocks which reported this week, British Gas's first half profits are pretty meaningless. A 75 per cent drop in pre-tax profits to £22m is no guide to the full year; and assuming

Markets

A curious thing happened to London equities in the latter half of this week; they went up while Wall Street went down. Partly, this welcome evidence of decoupling had to do with the bid for Euseby. Since the bid, like that for Gold Fields, had been in the market for

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dms)		Tokyo (Yen)	
Mannesman	189 + 4.5	IBM	115 1/2 + 3/4
Bayer Verolin	368 + 5	Pillbury	57 1/2 + 1 1/4
Pharm	365 - 3	RJR Nabisco	48 3/4 + 2 1/4
Bayer Hypo	378.5 - 2.3	Pharm	27 1/2 + 1/2
Nickdorff	378.5 - 2.3	MCA	42 1/2 + 1/2
NEW YORK (\$)		Texaco Air	13 1/2 + 1/2
IBM	115 1/2 + 3/4	FRANKFURT (FFM)	
Pillbury	57 1/2 + 1 1/4	Basag	70 + 4
RJR Nabisco	48 3/4 + 2 1/4	Raffinage	
Pharm	27 1/2 + 1/2		
MCA	42 1/2 + 1/2		
Texaco Air	13 1/2 + 1/2		
FRANKFURT (FFM)			
Basag	70 + 4		
Raffinage			

LONDON (Pence)

Allied-Lyons	474 + 14	Wade Potts	149 + 7
Aran Energy	65 + 7 1/2	Pharm	177 - 7
Chloride	66 + 5	ASA	278 1/2 - 10
Collins (Wm) A	513 + 44	Centraway Tel	50 - 7
De La Rue	426 + 7	Enterprise	524 - 13
Eurotunnel Ltd	389 + 13	Local London	498 - 42
Lap Group	155 + 5	Mowlem (L)	377 - 5
M8 Group	270 + 5	Myson	190 - 7
Monument Oil	16 + 3 1/2	Pearl	418 - 13
Powell Oultryn	424 + 13	Wood (JD)	53 - 22
Rabners	205 + 5		
THORN EMI	671 + 11		

WORLDWIDE WEATHER

City	Temp	Wind	Cloud	Temp	Wind	Cloud
Atlanta	61	11	Partly	London	11	Partly
Algeria	23	12	Partly	Madrid	11	Partly
Amman	23	12	Partly	Moscow	11	Partly
Amsterdam	11	12	Partly	Nairobi	11	Partly
Antwerp	11	12	Partly	Rangoon	11	Partly
Athens	11	12	Partly	Reykjavik	11	Partly
Bahia	11	12	Partly	Rome	11	Partly
Bangkok	11	12	Partly	Sao Paulo	11	Partly
Batavia	11	12	Partly	Seoul	11	Partly
Bombay	11	12	Partly	Stockholm	11	Partly
Buenos Aires	11	12	Partly	Taipei	11	Partly
Calcutta	11	12	Partly	Tokyo	11	Partly
Cardiff	11	12	Partly	Ulaanbaatar	11	Partly
Cebu	11	12	Partly	Washington	11	Partly
Chicago	11	12	Partly	Wellington	11	Partly
Colombo	11	12	Partly	Yokohama	11	Partly
Copenhagen	11	12	Partly			
Dublin	11	12	Partly			
Hankow	11	12	Partly			
Hong Kong	11	12	Partly			
London	11	12	Partly			
Los Angeles	11	12	Partly			
Manila	11	12	Partly			
Mumbai	11	12	Partly			
Nairobi	11	12	Partly			
Rangoon	11	12	Partly			
Reykjavik	11	12	Partly			
Rome	11	12	Partly			
Sao Paulo	11	12	Partly			
Seoul	11	12	Partly			
Stockholm	11	12	Partly			
Taipei	11	12	Partly			
Tokyo	11	12	Partly			
Ulaanbaatar	11	12	Partly			
Washington	11	12	Partly			
Wellington	11	12	Partly			
Yokohama	11	12	Partly			

Nestlé share move

until Spn this Thursday, not to admit foreigners to the share register," Nestlé said.

Nestlé's registered shares rose by 40.5 per cent to close at SF76,070 (£2,289) in trading so tight that price reporting was at times delayed, while the bearer shares, mainly held by foreigners, tumbled 20.5 per cent to SF6,950.

With Nestlé's move prompting speculation that other leading Swiss companies would be compelled to follow its lead, other companies' registered shares also rose sharply while bearer shares fell.

Dealers reported widespread resentment among foreign shareholders at the sharp fall in the value of their holdings. The dealer suggested that the Swiss market could be deserted for some months by foreign investors.

Inflation up to 6.4%

through to wage settlements. This could produce an inflationary spiral, with higher labour costs leading to higher prices.

Ford car workers are to receive an 8.9 per cent rise in their basic pay from Thursday, the company announced yesterday, because of the rise in the inflation rate but the effect on total earnings could be such as to inflate them by up to 15 per cent.

Mr Norman Fowler, Employment Secretary, said: "Every-one should be aware that the effect of unadjusted pay increases is to reduce employment opportunities."

The Treasury said that November's inflation figure may be helped as a result of a computer error in the same month last year. Correcting this mistake had the effect of increasing the index but this will unwind in year-on-year growth rates.

City analysts, however, remained sceptical. Forecasts of inflation rising to 7 per cent in the early part of next year are commonplace and some analysts are predicting up to 8 per cent inflation before price increases moderate.

The All-Items Retail Prices Index in October stood at 109.5 (1987=100) against 108.4 in September. The Tax and Prices Index, which takes account of taxation as well as prices, stood at 105.4 (1987=100) against 104.3 in September.

Central bank action

to \$1.8165 from \$1.8215 on Thursday but the Bank of England's trade weighted sterling index closed unchanged at 77.2.

Several dealers said yesterday's ambivalent central bank data over the next fortnight.

With British trade and current account figures for October due to be published next Friday, some dealers suggested that the pound could again become a focus of attention

Greenwell Montagu Stockbrokers

have acquired the private client business of

Robert Wigram & Co. Ltd.

Greenwell Montagu Stockbrokers have completed the acquisition of the private client base of Robert Wigram & Co. Ltd. Mr Tim Hobson, Mr Kevin Thompson, Mr Brian Morley and Mr Michael Pallett, directors of Robert Wigram & Co. Ltd., are to be appointed to the Board of Greenwell Montagu Stockbrokers.

Investment Management and financial planning services for private clients will be carried out under the name of Greenwell Montagu Stockbrokers.

The directors and staff of Greenwell Montagu Stockbrokers would like to take this opportunity to welcome their new colleagues and clients.

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Weekend FT

SECTION II

Weekend November 19/November 20, 1988

Sushi, sake, chips and beer

Christian Tyler examines the diverse factors which contribute to the harmonious relationship between Japanese industry and the north of England

WHEN Naoki Matsuba heard he was to be posted from Yokohama to the north of England, he sought advice from a friend. "Bad luck," said the friend. "There's no beer in Britain. They only drink whisky." Had Matsuba's friend been confused by the knowledge that Newcastle is called "Scotch"? It is possible, but unlikely. Most Japanese know very little indeed about Britain. And what they do know is charmingly out of date. They picture a small, rather lazy, nation living in an industrial museum staffed by Beefeaters and ruled from Buckingham Palace.

The ignorance is mutual. Mr. Matsuba, a 16-year-old at Durham High School for Girls, says: "I know my friends think the Japanese are weird. They can't picture a Westernised city like Tokyo. They imagine Japan as it was a hundred years ago."

The Japanese are not, however, ignorant of British schoolchildren's knowledge of the economic superpower whose per capita income last year overtook that of the United States.

Such preconceptions may be innocent. But they matter more and more as the Japanese spread over the globe. Companies in the West and driven by their own economic success, they are being compelled to "internationalise."

At first glance, Japanese and Georgians might have come from different planets. For a start, each speaks an impenetrable language. Mr. Matsuba puts "Georgian English is quite famous special language." Mrs. Hirono, Hiroko's mother, speaks very clear English but remembers having a terrible time trying to buy a blanket in Gateshead. Even body language is confusing. When an Englishman hears terrible news, he looks mournful; a Japanese smiles. When an Englishman indicates himself, he points to his chest; a Japanese points to his nose. Etiquette is baffling: a Japanese may belch in public but always blows his nose in private.

The Japanese eat ceremonially, with their eyes as much as their taste buds. English (they say) just sit down and stuff themselves. Pressed to say what British food he likes, a Japanese may mention roast beef and Yorkshire pudding, or turkey and cranberry sauce, or afternoon tea. All have ritual connotations.

but the Japanese have been to the north-east before. Between 1885 and 1905 more than ten workshops were built by Lord Armstrong's Elswick yard on the Tyne for the Imperial Japanese Navy. It was with Armstrong guns that Admiral Togo hammered the Russian fleet at the battle of Tsushima in 1905. Many of the officers had

manager of Komatsu UK, the earthmoving machinery makers, has spent seven years in California and is therefore less inhibited than most. But even he does not like to attract attention. "I don't want people to say because he's Japanese he's bound to do wrong. I don't want to be pointed out. I was raised after the war, so I hesitate to do my way in England - not like the American people who come here. My age feel that way but older ones are even more careful. Maybe children now feel quite differently."

had not heard about Comic Relief Day. However, the Sun newspaper's recent editorial branding the ailing Emperor Hirohito as a war criminal did cause a furore in the local Japanese community. Matsuba says he wondered at the time whether his English colleagues agreed with it. "I have asked many friends and they say 'Sum is not a newspaper. Most English people do not think like that.'" It is at work that the clash of cultures is most evident. The young Japanese who have sweated through school and university in order to win lifetime employment with one of the big names of Japanese industry are genuinely baffled by their British counterparts' attitude to their jobs.

Tadashi Okada is a young and volatile personnel adviser at Komatsu. He confessed that when he was very young he wanted to be a pilot. But that ambition didn't last long. "The company can always satisfy our desires," he said. "British priority is private life and private career. They join our company to make their career brilliant. There is no vacancy for promotion. They are patient. But they look for another company. If you give British employees a bit more status, they come back for more - and they still leave." He

The Briton in a Japanese firm sacrifices status, in terms of least of title, privacy and office furniture, but will find his responsibilities rapidly expanding if he is good. He will not be allowed to make decisions on his own, nor be judged by his coolness in a crisis. He will not be allowed not to fit in, or not to become involved in all aspects of the business.

"We British regard meetings as a necessary evil, a chance to exhibit macho tendencies and something to be got over with as quickly as possible," Morton said. "The Japanese are totally different. They regard meetings as an extension of sitting at a desk. They will spend eight hours on the facts and two hours or longer on the solution. For a British manager it can be totally frustrating. You can sit at a meeting thinking 'This is nothing to do with me. This is not my department'. But by sitting there you know what is going on and you can advise others. We don't have competition between departments and internal politics."

They have abolished the prerogatives and courtly trappings of the British managerial system in deference to the *shinsai no basho* or "sacred place" of production. But they have also recognised that they lack what Morton calls the British tradition of intuitiveness and inventiveness.

What has surprised people in Newcastle is how willingly the British have adapted to a very different way of working. In West Germany, the Japanese are said to find it difficult to recruit good managers because a German does not like to be forever Number Two. In France, local managers may be compelled to speak English at work because their Japanese superiors have no inclination to learn French.

Chris Fraser, head of operations of NDC, the development agency that promotes Japanese inward investment, said of the English recruits: "I am amazed how flexible they are and how well they have adapted, especially when they work all hours of the day and night, and weekends too. The Japanese should be delighted."

What, if anything, will these cultural pioneers take back with them to Japan? The wives may secretly hope that their husbands' discovery of the joys of family life will not be forgotten on their return. While in England, they may do a 12-hour day at the office, but then they go home. In Japan, Matsuba went out eating and drinking until 11 or 12 at night and expected his "main course" when he got home. "British way is good for wife," said Matsuba's wife timidly. Her husband made it clear he would not be adopting the British timetable permanently.

In England, as in Japan, the wives are preoccupied by their children's education. They are alarmed to see how quickly their children learn to speak and think in English, and how quickly their own language deserts them. Some will go back during their husband's tour of duty to make sure their children forget the relative indiscipline of English schools and to put their sons into the educational rut that will enable them to follow their fathers as lifetime company men.

The Japanese abroad are like any other expatriates, except more so. Living in the West may be liberating for husbands (the golf is certainly much cheaper), for wives and especially for children. But no Westerner can understand what a penalty the westernised Japanese may have to pay when he goes home. Some find they can only fit in again by working for the subsidiary of a foreign firm in Tokyo. For a Japanese, the prospect of his re-entry to a conformist, homogeneous, society is perhaps the greatest disincentive to blurring the deep imprint of his own culture and going - even a little bit - native.



The north-east of England is one of the newest of Japan's overseas colonies. Founded 10 years ago by NSE, the ball bearings manufacturer, its status was confirmed by the decision of Nissan to build outside Sunderland one of the biggest car factories in Europe. More than 20 companies have moved in over the last five years and the Japanese population has grown to around 400. With just one ethnic shop (a restaurant and a club are planned), it is a mere village community compared with the 20,000 or so Japanese in London and the 6,000 in Düsseldorf.

Even so, efforts are being made by both sides to avoid mistakes made elsewhere. Japanese firms are advised by the London embassy to spread their managers around the community, not to concentrate them in expensive ghettos. The lesson was learned from Düsseldorf, where the Japanese moved in packs, filled up the golf clubs and caused serious local resentment.

The Japanese in Tyne and Wear, unlike the Chinese and Indians who greatly outnumber them, are mostly temporary residents, typically serving three to five years in an outpost of Japan's production army. But their assimilation is just as ticklish a matter. For they come as bosses, not workers, into a once-mighty industrial area whose industries, such as shipbuilding, have been helped to their knees by Japanese competition.

Nissan came to Sunderland in order to be able to sell its cars, free of tariffs and quotas, throughout the European Community. Last month, it was told by the Government that it would not be granted European enough to gain unrestricted entry into France. If their products are not accepted as European under the bonnet, what chance have the producers themselves of being accepted as Europeans under the skin?

When two cultures collide, even superficial differences can matter. The result may be mutual recoil and prejudice confirmed. Ideally, it should be productive fusion. Marie Conte-Helm, American head of Japanese studies at the Sunderland Polytechnic, said: "A lack of understanding can only bode ill. We have the makings of a fabulous opportunity for Japanese citizens to become more international. People don't realise the significance of Japan as an international power. There is still a view that the British are superior to the Japanese."

But northerners and Japanese do have more in common than meets the eye. The men of both societies have traditionally preferred to see their wives stay at home and manage the domestic economy while they go out to work and drink till closing time. Both have a love of tradition itself and a strong tribal sense: they have a monarchy and a deep, ethnocentric insularity. Matsuba's wife Macchie thinks the English are very similar: "conservative, simple, frugal."

Northerners are proud of the welcome they have extended to the Japanese. "The Georgie personality is very unprejudiced," said a secretary in Washington New Town. "We accept people more for their personality, and we like foreigners because we don't get that many. My husband is a southerner and he has more difficulty getting accepted than they do." (The rarity of foreigners is nothing new. During the Napoleonic Wars the patriotic citizens of Hardopson banged a monkey they found swimming on the beach one night, under the impression it was a French sailor come ashore to spy.) Foreigners may be rare,

been trained or advised by the English. Japan's victory in that war was hailed as a triumph of British engineering, and Admiral Togo came in person to thank the Tyneiders in 1911. Crown Prince Akhito, who is about to assume the imperial throne, reinforced the connection by staying at the Armstrong house, Cragside, in 1963 while attending the coronation of Elizabeth II.

Today, however, the boat is on the other foot, and it is the Japanese who are teaching the Tyneiders about engineering. It makes them more than normally wary of saying anything that is not flattering to their hosts.

Neither he, his children, nor his colleagues at Komatsu can recall any serious racial prejudice. If there is any, it is not voiced. According to Suzuki Neary, who works at the Japanese studies division of the local Saturday school (they go to keep up their Japanese) was mystified by the sudden appearance one day of red ping-pong balls on everybody's nose: they

thinks British managers are too specialised and too prone to behave like an elite: for example, graduate engineers do not expect to have to make detailed drawings. They react that on to draughtsmen. Okada said: "Japanese style is best."

In this factory at least, no attempt has been made to reconcile the conflicting attitudes. The Japanese system prevails, but with some concessions to local practice. Management meetings now have agendas and a time limit, and are held in English. The results of meetings are spelled out in a way they were not in the early days of the British subsidiary.

Dr Clive Morton, Okada's boss, is a civil engineer who previously worked for a British construction company. He explained the difference by saying that every Japanese manager sees himself as managing director of the company "in the sense that he owns what happens to the company."

The Long View

Public pursuit of private investors

BRITISH STEEL will bring at least a few of the new issue shares out of hiding - assuming that the price is right when it is fixed next week. Speculators will be ordering extra cheques and dusting down their lists of family members and compliant friends, while the wider Bristol phone number 0272-372-372, is back in action again.

Underpriced privatisation issues have proved the Government's most potent (if expensive) method for encouraging wider share ownership. Nothing encourages stock market participation more than the prospect of a quick and reliable profit. And although nearly all the applicants exit with their gains within days, or at any rate months, enough stay on the registers to boost the overall figures for share ownership by a wide margin.

As a percentage of the overall adult population, shareholders have grown from 5 to 17 per cent since the Conservative Government came to power in 1979. But the total of shareholders has become static since the crash at about 3m. It may even have started declining again.

Enter Sir John Harvey-Jones. The formidable ex- boss of ICI has now taken on the chairmanship of the Wider Share Ownership Council. Why should an industrialist be interested in small investors? Well, he makes the point that company executives have found it harder and harder to establish any rapport with



In encouraging private share ownership the Government has gone for width rather than depth, but it is time for a rethink

allowed front end relief against income tax, but this is not by any means a complete answer. It would be piling on public sector subsidies while failing to take account of the continuing inadequacy of the private sector infrastructure.

Two years after the Stock Exchange's Big Bang there has been remarkably little progress in the services available to small investors. True, there have been some advances in terms of telephone-based dealing facilities. But the Stock Exchange's cheap auto-execution service Saef, originally promised for autumn 1987, is still floating out of reach somewhere in the future.

Moreover, the proposed Taurus paperless settlement system is seriously bogged down in the development stages, and anyway it may not be the kind of system which could bring costs down from pounds to pence per transaction. There is no sign that the processing of share transfers will ever be taken over by the big clearing banks, which are the organisations with the greatest experience in handling financial transactions by the million.

It may be that private enterprise has failed to exploit an opening. More realistically, it is probable that a lot of organisations have looked at the opportunities in the private shareholder market, and have concluded that there is no way of making money. The costs of reaching the market are too high, and the level of commis-

sions is too low.

A few weeks ago Norman Lamont, one of the junior ministers at the Treasury, asked why low cost share dealing and advisory services are so difficult to obtain when life assurance salesmen appear all too often. The answer, as he should have known, is that the commissions and other rewards from selling life assurance are vastly greater than those which can be eked out of private client stockbroking. Another advantage is that these charges can be obscured from the view of the client.

I am afraid that I cannot be convinced that direct investment in equities will ever be attractive to more than a small minority. Running a portfolio is a serious matter which requires time and effort, although developments in nominee registration are cutting down on some of the paperwork.

But 10 per cent of the population running proper portfolios could be more influential than 20 per cent who happen to own the odd share or two bought because they were lured by TV commercials which managed to make, say, steelworks seem glamorous.

According to Sir John Harvey-Jones, whereas he received (and answered) hundreds of enquiries from small investors while at ICI he can never remember once being sent a letter by an institutional shareholder. But then, it takes longer to write a letter than it does to sell, and time is money.

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*Source: Lipper Overseas Fund Table, 28.10.88.

†Offer to bid basis in Sterling; gross dividends reinvested, initial charges excluded. Source: Managers' published daily.

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MARKETS

LONDON

Still depressed by the honeymoon blues

EVERY Zsa Zsa Gabor has had longer honeymoons than George Bush, now faced with a dollar crisis only days after he became US President-elect.

The markets took seriously his promises on economic policy - "Read my lips, no new taxes" - and decided that he would accordingly be unable to solve the problem of the budget deficit. Down went the dollar and last weekend it seemed that the London market might sink with it.

Headlines foreshadowed a repeat of Black Monday and dealers reacted by marking prices sharply lower as the week began. The FT-SE 100 index dipped below 1,800, and fell back as far as 1,776, a historically appropriate low point, given the US's role in the difficulties.

But 1,776 also marked the point at which the London market gained some independence from Wall Street. Footsie made small gains on Tuesday, Wednesday and Thursday and by early Friday morning had managed to notch a 50-point gain on Monday's opening low.

Meanwhile, Wall Street was turning in a lacklustre performance, falling 38 points on Wednesday. An improvement in the US trade deficit was not enough to impress dealers and some stern words on the deficit from Federal Reserve chairman Alan Greenspan exacerbated the decline.

Friday made the London market turn its attention towards the UK's economic problems. October inflation figures showing that the yearly rise in the retail price index was now 6.4 per cent were bad, but no worse than expected. The money supply and bank lending figures were actually better than expected. M0, the measure of notes and coins, fell by 0.1 per cent in October and bank lending rose by a seasonally-adjusted \$50n, lower than the \$5.5bn forecast by analysts.

Figures earlier in the week had seemed to show the economy forging ahead. October retail sales were up 1.8 per cent, month-on-month, far higher than had been expected; September average earnings were up 8.25 per cent year-on-year; October's PSBR surplus was \$2.4bn, indicating buoyant tax revenues; and unemployment fell to 8.16m, the lowest figure since May 1981.

This mish-mash of statistics still left it far from clear whether the summer's repeated rises in interest rates have succeeded in dampening consumer demand. However, as Ian Harwood and Kevin Gardiner of Warburg Securities point out this week, this slowdown was never going to be clear cut.

Indeed a "soft landing" of the economy, in which the Chancellor squeezes out inflation without plunging the economy into recession, is likely to throw up confused and ambiguous statistics.

Although the Warburg team thinks that the next move in interest rates is likely to be up rather than down, it is now more convinced that a soft landing is in sight; it is still predicting that Footsie will be in the 2,100 to 2,200 range by the end of March 1989.

By that time President-elect Bush will have been inaugurated and the markets will have been able to judge his actions, rather than his intentions. That judgment proves negative, then the UK stock market could be hit, no matter how well the domestic economy is performing.

This week's massive intervention by central banks to support the dollar has indicated the size of Bush's problem. Given the level of the current account deficit, foreign investors are becoming sated with dollars and only a substantial rise in interest rates would support the currency.

But Nicholas Brady, the reappointed Treasury secretary, said yesterday that he saw no sign that US interest rates will rise. Brady and Bush only have to look at the debt-happy corporate sector and the fragile savings and loans institutions to know that a large rise in interest rates might trigger an even worse crisis.

All this matters to the UK market, not just because it is hard for investors to be confident about UK share prices if Wall Street is plummeting, but more importantly because of the proportion of UK corporate profits which is either dollar or US-dependent.

UK companies seem to be less than frightened by the problems of the US economy and this week saw the latest in the long line of transatlantic acquisitions; Unitech's \$377m purchase of Vesco Instruments, a power supplies company.

The big corporate news of the week was the GEC-Siemens \$1.7bn bid for Plessey. Like all the better secured, this bid battle proves to be more than just a re-run of the first clash. Plessey escaped from the clutches of GEC two years ago when the bid was referred to the Monopolies Commission; this time, the deal seems to be structured so as to avoid any Monopolies implications. Plessey rejected the bid, as it did last time, but its interim figures, released on Thursday, were far from sparkling and the odds seem currently to favour a GEC/Siemens victory.

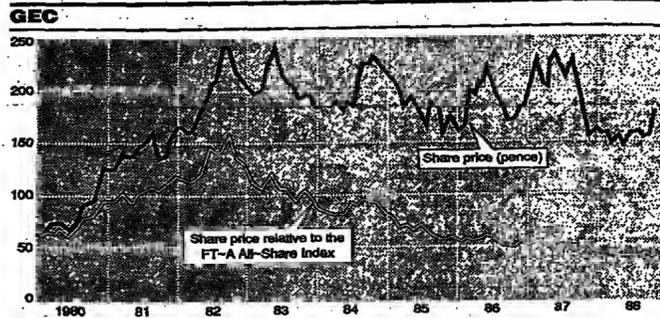
This was a busy week for results with four privatisation stocks, British Telecom, BAA, British Airways and British Gas all producing figures - the first three somewhat ahead of expectations, the last somewhat behind.

Companies as varied as Becham Land Securities and BOC reported impressive results but the markets proved grudging about figures from other companies. Pre-tax profits rises at Cable & Wireless, Whitbread and Burton of 20 per cent, 18.5 per cent and 15.4 per cent, respectively, all resulted in share price downturns.

In fact, of the big companies reporting, only Royal Insurance revealed anything unexpectedly "nasty" in its figures; a \$200m provision to bolster its outstanding US claims reserves slashed its nine months' pre-tax profits by 50 per cent.

Market results, however impressive, are never as exciting for traders as good old-fashioned bid speculation and this week threw up the usual quota of candidates. Lonrho, in which Alan Bond now has 21 per cent, continues to attract plenty of volume, but hard news of Bond's intentions remains at a premium.

However, even in the take-over stocks, the US influence predominated. Rumours emanating from the US of a management buyout at Blue Arrow gave the employment group some much-needed uplift in its share price; but excitement was even greater at Grand Metropolitan. The theory was that Pillsbury, the doughboy and Burger King group, might attempt a so-called Pacman defence, and launch a bid for its UK adversary. Like the explorer who was swallowed by a bear this would be a case of reverse indigestion - something he disagreed with, at him.



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All this matters to the UK market, not just because it is hard for investors to be confident about UK share prices if Wall Street is plummeting, but more importantly because of the proportion of UK corporate profits which is either dollar or US-dependent.

UK companies seem to be less than frightened by the problems of the US economy and this week saw the latest in the long line of transatlantic acquisitions; Unitech's \$377m purchase of Vesco Instruments, a power supplies company.

The big corporate news of the week was the GEC-Siemens \$1.7bn bid for Plessey. Like all the better secured, this bid battle proves to be more than just a re-run of the first clash. Plessey escaped from the clutches of GEC two years ago when the bid was referred to the Monopolies Commission; this time, the deal seems to be structured so as to avoid any Monopolies implications. Plessey rejected the bid, as it did last time, but its interim figures, released on Thursday, were far from sparkling and the odds seem currently to favour a GEC/Siemens victory.

This was a busy week for results with four privatisation stocks, British Telecom, BAA, British Airways and British Gas all producing figures - the first three somewhat ahead of expectations, the last somewhat behind.

Companies as varied as Becham Land Securities and BOC reported impressive results but the markets proved grudging about figures from other companies. Pre-tax profits rises at Cable & Wireless, Whitbread and Burton of 20 per cent, 18.5 per cent and 15.4 per cent, respectively, all resulted in share price downturns.

In fact, of the big companies reporting, only Royal Insurance revealed anything unexpectedly "nasty" in its figures; a \$200m provision to bolster its outstanding US claims reserves slashed its nine months' pre-tax profits by 50 per cent.

Market results, however impressive, are never as exciting for traders as good old-fashioned bid speculation and this week threw up the usual quota of candidates. Lonrho, in which Alan Bond now has 21 per cent, continues to attract plenty of volume, but hard news of Bond's intentions remains at a premium.

However, even in the take-over stocks, the US influence predominated. Rumours emanating from the US of a management buyout at Blue Arrow gave the employment group some much-needed uplift in its share price; but excitement was even greater at Grand Metropolitan. The theory was that Pillsbury, the doughboy and Burger King group, might attempt a so-called Pacman defence, and launch a bid for its UK adversary. Like the explorer who was swallowed by a bear this would be a case of reverse indigestion - something he disagreed with, at him.

'If the judgment on Bush proves negative, then the UK stock market could be hit'

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Philip Coggan

FINANCE & THE FAMILY: THIS WEEK

Walker issues SIB's new commandments

The rights of a private investor are laid down by the SIB rulebook. But what do the brokers' legal agreements work out - or understand - them? David Walker, the new SIB chairman, aims to cut through the red tape with a simple, clear statement of fundamental rules. Page 10

Brokers with a human touch

The genteel side of dealing: Heather Fernbrough reports on two south coast stockbroking firms which offer clients a coach trip and tea and biscuits as well as advice. Page VI

Down the final straight

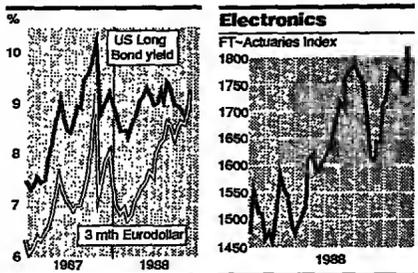
There is just over two weeks to go for the nine teams in the Great Investment Race. Fiona Thompson reports on the leaders and leggers. Page VI

A lesson in fund marketing

Marka & Spencer pulled in \$58m worth of business for its unit trust fund. John Edwards sees lessons to be learned from this marketing success story. Page VIII

COMPANIES: Week Ahead, Results Page IV

BRIEFCASE: Your questions answered: Page VIII



Interest rates hold the key

The key to Wall Street over the next few months depends very much on Federal Reserve interest rate policy, since the President-elect has ruled out any tax increases for the moment. If the Fed tightens US monetary policy, either to restrain inflationary pressures or prop up the dollar, then share prices could fall, since industrial dividend yields will look less attractive relative to US government long bond yields. Over the last year short-term interest rates have risen by 150 basis points and investors can now earn almost as much as the long bond yield by holding three-month eurodollars. This situation is abnormal and means that either long-term rates will rise or short-term rates will fall. If long bond yields were to rise, say to 10 per cent, it would be a very bullish signal for Wall Street. William Hall

Plessey bid lifts sector

The £1.7bn bid for Plessey launched by GEC and Siemens on Wednesday transformed the normally sluggish and traditionally defensive electronics sector. The bid came as a surprise only to some in the city - witness the substantial increase in turnover in Plessey shares and the options on Monday and Tuesday. Plessey shares rose strongly on the bid, which was also regarded by analysts as very positive for GEC. It also focused attention on the other defence electronics, especially Ferranti where turnover for the last three days of the week totalled around 10 per cent of the company. Racal Electronics and STC also attracted strong support. Stephen Thompson

Figures show growth, inflation

A stream of statistics provided pointers this week to the strength of UK economic growth and inflationary pressures. They showed that the annual rate of inflation hit 6.4 per cent in October while unemployment continued to fall steeply, reaching the lowest level for seven years after taking account of changes in the method of calculation. Retail sales jumped sharply higher last month, surprising analysts and suggesting that high interest rates are not yet having a marked impact on consumer spending. Also worrying analysts were Thursday's earnings figures showing the underlying growth rate remained at 9.25 per cent year on year in the highest and best year so far. Other figures, however, showed industrial output is still rising sharply and strong productivity increases meant labour costs in manufacturing remained subdued. Despite this, figures on Monday showed manufacturers increased factory-gate prices last month, suggesting that companies were taking advantage of buoyant demand to boost profit margins. Details: Page 1. Royalt Atkins

Unit trusts miss target

Scottish Amicable's three new unit trusts failed to attract the £40m hoped for over the three-week launch period up to November 15. The shortfall of £14m suggests investor confidence is still low. Nevertheless, £26m is the second-largest amount raised in a new launch since the crash of 87, the most being the £56m raised by Marks and Spencer's unit trust portfolio over its launch period. Paradoxically, unit trust investment is inevitably highest when the market is at its peak, even though the best time to buy is when the market is depressed. Scottish Amicable's Equity Strategy trust, which leaves the timing of the equity content to the fund manager, took in £13m. The remainder was split between the European Opportunities trust and the Smaller Companies trust. Heather Fernbrough

SMALL shareholders in Plessey, the UK defence and telecommunications group, have not enjoyed the most inspiring of rides during the past couple of years.

Having given the stock a generous rating early in the Eighties, the City turned decidedly cool on Plessey from 1984 onwards. Late in 1985, there was the drama of the previous £1.2bn GEC bid, followed by the deflation of a Monopolies and Mergers Commission reference and the subsequent block on the hotly-contested link-up.

Since then, Plessey shareholders have seen their shares underperform the FT All-Share Index by about 40 per cent. But now it seems their hour might have come.

This week's £1.7bn bid from the new jointly-owned GEC-Siemens opens up a heap of possibilities and puts Plessey firmly into play. So, what should shareholders do?

In financial terms, the present bid could not be simpler. There is an offer of 225p a share with a loan note alternative, placed on the table by two companies with exceptionally

long pockets. At present, then, the options are stark.

First, shareholders can sell into the market, where Plessey shares stand at around 222p - just 3p below the bid price. There are two possible reasons for doing this.

One is a belief that the bid is destined to be blocked by one or other anti-monopoly body, or a firm conviction that GEC-Siemens will eventually get home on its opening offer and that the possible delay means it is not worth hanging around for a few pence extra.

The second option is to do nothing and to see how matters develop. This is justified if you believe that rival bidders or a "white knight" are possibilities, or that GEC-Siemens will eventually get home on its opening offer and that the possible delay means it is not worth hanging around for a few pence extra.

The third possibility is to take some profits now and then stick with your remaining shares.

The monopoly question is probably the most pressing. GEC's previous offer fell foul of the MMC in the key area of defence electronics, when the Ministry of Defence backed Plessey and argued that MoD costs would be increased substantially if competition in this area was reduced. By contrast,

the Department of Trade and Industry broadly was supportive of the tie-up.

This time round, the picture looks slightly different. The bid overall is being given a "1982" gloss, which could win it some political support.

Moreover, on the key defence front, GEC-Siemens has indicated that certain interests will continue to be operated independently - for instance, GEC will continue to run its Marconi business in competition with Plessey's.

It does not seem unduly cynical to assume that these complex arrangements are designed partly to deflect monopoly worries. But will this work?

The lobbying has a long way to run and, for the moment, the MoD says the new bid will have to be studied on its merits. If there is any consensus among analysts, it seems to be that the bid is quite likely to be referred, but also that it stands a good chance of being cleared eventually. Such expectations could certainly help support the price during any MMC inquiry period.

Investors should also remember the overseas hurdles. Both the European Commission and the German cartel office were not consulted in advance, and

AS EVERY schoolboy knows, George Bush was the man whose speechwriters coined the phrase "voodoo economics."

Despite this, nobody really expected Bush's election to bring the happy Reagan era of economic management by wishful thinking to an abrupt end. What some investors did anticipate was a gradual change in emphasis, a slow but steady transition towards realism and ultimately even austerity from the Economics of Joy.

From this perspective, there is a simple, plausible explanation for the erratic behaviour of the world's financial markets in the ten days since the US election. Investors - and, more important, the governments of other industrialised countries - have finally woken up to the clear message of the election campaign: there will be no transition to fiscal responsibility in America unless and until President Bush's hand is forced by a financial crisis.

Of course, the US stock market this week has had additional worries. Most notable has been the disruption of the leveraged buyout industry among institutional investors. Witnessed by the pathbreaking lawsuits against RJR Nabisco filed by Metropolitan Life and ITT's insurance subsidiaries, this ferment among the institutions could have far-reaching implications. While the lawsuits are unlikely to stop the \$21bn buyout of RJR, they indicate a new, more sober attitude to LBOs and mergers which could knock away one of the main props which has been holding up Wall Street prices since last October.

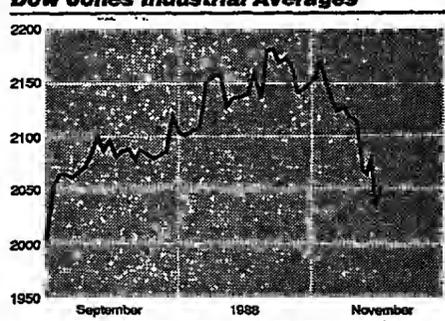
But even this momentous possibility appeared peripheral this week, compared with the continuing adjustment of world financial markets to the new or rather disappointing old - world they must confront.

Anybody who still harboured

WALL STREET

Welcome to the brave old world

Dow Jones Industrial Averages



doubts about the Bush Administration's determination to carry on with business as usual had only to listen to two public statements made this week by Alan Greenspan, chairman of the Federal Reserve Board, and Nicholas Brady, the Treasury Secretary, and long-time friend of the President-elect, whose reappointment was confirmed on Tuesday.

Greenspan, the quasi-independent voice most likely to be heeded in the inner councils of the Bush Administration, sounded more like the prophet Jeremiah than any government official heard in Washington since the end of the Carter era.

His warnings against the "fanciful" and "aggressive" notion that the US economy could grow its way out of the Federal budget deficit, were an

explicit repudiation of the president-elect's economic strategy. His statement that the deficits had already "begun to eat away at the foundations of the economy" were only a step away from President Carter's infamous references to economic "malaise".

Worst of all, his comment that "evidence over the last hundred years suggests that sizeable capital inflows have not persisted" in sufficient volume to finance domestic budget deficits sounded like an open invitation for foreign investors to unload their dollar holdings - which they have done with gusto all week.

Some would say that Greenspan, in speaking out so forcefully on the need for deficit reduction, was acting as a traitor to the Bush Administration itself. After all,

the final point is the actual value of the GEC-Siemens bid. On Thursday, Plessey reported some marginally disappointing interim figures and analysts were inclined to scale down the full-year total from around \$200m to about \$195m, suggesting an exit multiple of about 15.

That said, Plessey might at some stage make a forecast and, in these situations, companies tend not to disappoint. But, by any measure, the present offer does not look over-generous and some analysts are suggesting that GEC-Siemens might eventually head towards 20p.

In short, then, it is a question of risk assessment. Those of a very cautious or impatient nature might take the third course and indulge a bit of top-slicing.

For the moment, though, it looks as if there is more to be gained by staying in for a larger profit than selling out now.

Nikki Tait

JUNIOR MARKETS

Analysts put in a spin

ANALYSTS like to get their forecasts right. It's a matter of pride. So there were a number of embarrassed faces in the City on Thursday when Capital Radio produced pre-tax profits almost double the figure predicted by analysts.

But on the upside, the news bodes well for local commercial radio, especially for the handful of stations now on the stock market and for those - such as Metro Radio Group - planning to join.

Metro Group operates the only two independent local radio franchises in the north east of England, Metro Radio for Tyne and Wear, and Tm Radio for South Durham, Cleveland and North Yorkshire. The group is joining the Unlisted City Market via a placing next month.

The local radio sector has come into its own in the past few years, but after a slow start. For quite a time after the BBC's monopoly was ended in 1973 growth was sluggish and the 49 stations established by the Independent Broadcasting Authority struggled to make ends meet.

But they have made steady progress recently in demonstrating to advertisers that they can produce reasonable audience figures and, of equal importance, that they can produce targeted audiences.

The improvement has been a joint effort. Local radio has helped itself by better marketing, and it has benefited from the high costs of television advertising. On average it is five times more expensive to advertise on television than radio, so advertisers are increasingly seeing radio as a cost-effective medium.

The potential for growth is huge. In the US, despite expenditure on radio advertising having risen from \$25m in 1978 to \$110m last year, radio still has just 2 per cent of the total advertising market. Television has 54 per cent, and newspapers, posters and display advertising the balance.

Radio's small share here compares with the US where it has 10 per cent of the market. While analysts do not necessarily see UK radio reaching these heights, they do regard in excess of 4 per cent as a realistic aim.

Government moves to increasingly deregulate radio have also helped the industry. The broadcasting White Paper sees scope for at least three national commercial radio-stations operating alongside the BBC. And contractors will be allowed to control up to six local and one national station.

Capital Radio's heady success is not indicative of the industry as a whole. Certainly the five local radio stations on the Unlisted City market - are much

smaller. Radio Clyde, based in Glasgow, made pre-tax profits of \$16,000 last year; Owen Oyston's Red Rose Radio, with three stations in Lancashire, Wales and Leeds, reported \$710,000 profits; Manchester's Radio Piccadilly made \$765,000; Radio City on Merseyside reported \$356,000, and GWR, the west country contractor, made \$254,000. All bar Red Rose are due to report their 1988 results shortly.

Metro Group, next month's newcomer to the Unlisted City market, made pre-tax profits of \$1m on sales of \$5.35m for the year to September 30, 1988, having grown since 1985 from profits of \$212,000 to \$2.23m turnover.

The company has been operating Metro Radio since 1973 and acquired the then loss-making Tm Radio in 1986. The combined transmission areas of the two stations have a population of 2.18m adults.

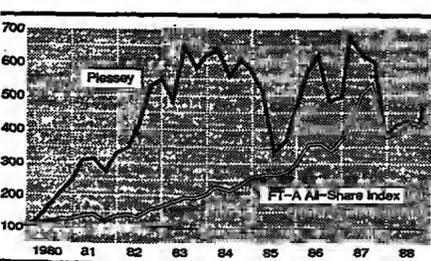
Both stations broadcast 24 hours a day, seven days a week. The output falls somewhere between Radios 1 and 2. "The music is current, mainly pop, with a sprinkling of golden oldies," says Neil Robinson, managing director. The pace is fast, the music interspersed with news, travel and weather information, letters, personal messages and sport.

Metro Radio's regular weekly audience of 687,000 represents 48 per cent of the potential listeners. They tune in for an average 13.6 hours a week. The station is particularly popular with the 16 to 34 age group. Tm's weekly audience is 300,000, representing 33 per cent, and the average listening time is 13.5 hours.

County Northwest WoodMic will be placing about 2m shares, valuing the company at between \$2m and \$10m. The majority will be new shares. The funds raised will be used, says Robinson, "to put ourselves in the best possible position" to take advantage of the proposed White Paper changes.

Fiona Thompson

Hold on for a few pence more



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Nikki Tait

FINANCE & THE FAMILY

David Thomas sneaks a look at a Cambridge student's letter to an anxious father

The price of an education

Dear Dad,

Sorry to have been a bit slow in responding to your urgent missive about student loans. I've been working flat out to help Jessica get ready for the party on Saturday. But I've been asking people round college what they think, so I haven't been entirely idle. The beastly business was quite a topic of conversation for a day or two.

The general view seems to be that there's really no need for you to get worked up. For a start, the new scheme doesn't get going until 1990, so it won't affect me until my final year. And what they're planning to do then is to give all the third-year students a loan of £310. In return, they will freeze the amount you're supposed to give me, as well as any government grant I'm owed.

Even I can see that I would be a fool not to take the loan. Since my right to a grant is precisely zilch, as you never tire of telling me, I'll be no worse off. You will be £310 better off than you would have been, so spend it wisely.

I won't have to start repaying the loan until the April after I graduate. They say there will be no interest on it, although what's left of the loan will be increased each year in line with inflation, which sounds to me like a tricky way of saying it's a soft loan - indeed, a lot softer than the debt mountain I already have, courtesy of my overdraft and credit card.

I know you were more bothered about Charles than me. But even if he manages by some miracle to pass his exams into this place, I still think there's nothing to worry about. Your contribution will remain frozen for his entire three years, as will Charles's right to a grant, but that won't affect him, anyway - unless you were to disgrace us all by getting sacked from the firm.

Charles will kind up with a debt of £1,150 after three years, plus a little added each year to take account of inflation. But with the demand there is for graduates right now, even my dim-wit brother should be able to get a job and pay off the loan pretty quickly.

Some people think that if and when Charles ever grows up, companies will be so desperate to find recruits with two brain cells to rub together, they will offer to pay off the loans of Charles and his pals. At least, that's what my bronzed friend in the third year who has already begged

a job in the City. (Although, between you and me, I'm not sure Tim knows what he's talking about.)

Of course, not everyone here is so pleased. You remember Maureen, who you said dressed as badly as students in your day. Well, she's been muttering about the vicious Tory attacks on the country's youth. She's got a point in her case, because her full grant will be frozen in 1990, which will also be her final year.

Indeed, Maureen will be saddled with a loan she never expected. She also reckons that after 1990, when new students will face three years of loans, people from her sort of background will think twice before becoming a student. Not that many ever did.

And Frank is hopping mad. You know the chap who plays in a band and thought he was being terribly smart by sharing a house in the town with his friends. From 1990, students' rights to housing and unemployment benefits are to be scrapped, so that puts an end to Frank's little wheeze although Maggie (whose boyfriend goes to the LSE) says some students really will be hit by this.

You must realise that a lot of things still aren't clear. The banks apparently have been kicking up a fuss because no one knows how the loans are to be repaid, although Tim says this is just their way of putting pressure on the

Department of Education and Science which is stuffed with people who think of their building society account as high finance. All the Government has said is that a special repayment scheme will be worked out for graduates with lousy jobs (which, rest assured, won't include me).

And although we know that the loans will increase after 1990, while the grants and parental contributions will be frozen, that's about all we know because the Government's figures to the end of the century assume a 3 per cent inflation, which Tim says is the Treasury's idea of a good joke.

Meanwhile, the media are being even more insufferable than usual, wandering around complaining loudly that they will emerge from their six years even more debt-ridden than ever. Serve them right, I say.

Must rush.
Love, Anthea

P.S. While we're talking about money, you remember the skiing holiday which Tim is organising? Well, it turns out to be incredibly cheap. Only £300. It would make a great Christmas present.

PRECISELY what rights do you, as an investor, have when you deal with your stockbroker? You have probably signed a wordy letter of agreement with him, and you may also have heard of the rule book issued by the Securities and Investments Board, the City watchdog. Chances are, though, that you have not read either of them thoroughly, and even if you did, they were not exactly a gripping read.

David Walker, the new chairman of the SIB, wants to change all that. This week he issued proposals for a new rule book which he hopes will restore much-needed clarity to the whole regulatory system. He also wants to revive a greater respect for the spirit of City regulation rather than just the letter alone.

The process he launched is all part of an attempt by the City and Government to roll back what are now seen as some of the regulatory excesses created at the time of the Big Bang two years ago - too much paperwork, too many legalisms. But Walker stresses that his proposed changes will not weaken investor protection: if anything, he says, they will strengthen it.

Another fundamental principle protects the customer's right to best execution. "A firm must obtain the best available bargain for his customer, and to do that must take all reasonable steps, and evaluate the options fairly, viewed from the point of view of the customer." Because best execution is a rather technical matter, that principle is followed by several paragraphs of explanation.

The rules are basically about what constitutes "good conduct" for practitioners. But, as such, they embody many rights for the customer too. So even if there is a technical

David Lascelles looks at safeguards for investors

The Ninety-three Commandments

- THE MAIN POINTS Firms must:**
- act promptly
 - select suitable purchases and sales
 - handle complaints properly and promptly
 - obtain best bargain
 - reveal possible gains from transactions
 - not overcharge
 - not use undue pressure or deception

loophole in the rules, dishonest or incompetent practitioners can still be brought to book. Each principle is quite short (few are more than a single sentence), and written in plain language, with words like "wrong" and "fair." And underneath each one there are usually a few paragraphs of small print carrying explanations. Take the principle against overcharging, for example. It says quite simply "It is wrong to overcharge or to effect transactions because of the income they generate rather than the merits."

What he wants to do is replace the detailed technical language of the old rule book with a set of clearly-worded principles which will act as a foundation for City regulation. The whole tone of the new rule book is set by one of the first principles which says that investment practitioners must abide by the spirit of the rules. So even if there is a technical

Walker's Commandments because of their "Thou shalt not..." tone, were broadly welcomed in the City this week because they should make regulation lighter and more flexible. But there are some reservations about them which will doubtless be aired during the five-month period of consultation that lies ahead.

One is that even though the new rule book will be half the size of the previous one, Walker did not do as well as Moses on Mount Sinai: instead of ten, he has come up with 93 commandments, which is far too many. But Mr Walker is open to suggestions on reducing the number and wording.

Also, the SIB rules will have to be emulated by the many self-regulatory organisations (SROs) which actually look after the vast majority of UK investment firms, and that means a lot more work before the new system can be said to be operating. But the largest SRO, the Securities Association, said this week that work there has already begun.

The biggest reservation, though, is whether Walker's approach, with its emphasis on fair play, can work in the modern day City, with its highly competitive, international ethos. Many people fear that the City has already moved too far in its new direction since Big Bang for the spirit of regulation to have much effect. But the City would prefer a lighter regulatory touch, so it can only blame itself if Mr Walker's initiative fails.

IN THE NEWS

MORE than 550,000 personal pension contracts have been sold since they were introduced on July 1, according to the Association of British Insurers. However, the effect on company schemes has been minimal, say management consultants and actuaries. "Recent surveys, including one conducted among Towers Perrin's own clients, show that only about 4 per cent of existing employer pension scheme members have left to take out personal pensions so far." Opters-out and non-joiners tend to be young (well under 40) and female.

PRIVATE investors can apply for British Steel shares when the company is privatised, through a NatWest 1988 Personal Equity Plan (PEP), and take out a second, 1989 PEP to pay for a second instalment of the shares next year. Normally, says the clearing bank, the tax-free benefits of a PEP are available only if it is retained for a full calendar year after the year in which the initial investment is made. However, Rule 12 (3) of the Personal Equity Regulations 1986 allows for the investment arising from the second instalment to mature after four months. NatWest has established a British Steel PEP helpline on 01-895-5600.

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- Net Asset Value up 5.4%
- Equity portfolio - UK 66%, Overseas 34%

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Fidelity Unit Trust (Launch Date)	Position in sector (1980 to 1988) (over 5 years)
UK Special Situations (17.12.79)	1st (205)
US American (17.12.79)	2nd (23)
EUROPE European (04.11.85)	1st (47)
JAPAN Japan (12.10.81)	1st (12)
Japan Special Situations (14.04.84)	3rd (31)

Source: Microplan offer to offer. Net income reinvested. Figures to 17.11.88. NOTE: Past performance is not necessarily a guide to future returns. Moreover the value of units in the unit trusts and individual pension portfolios may fluctuate and is not guaranteed.

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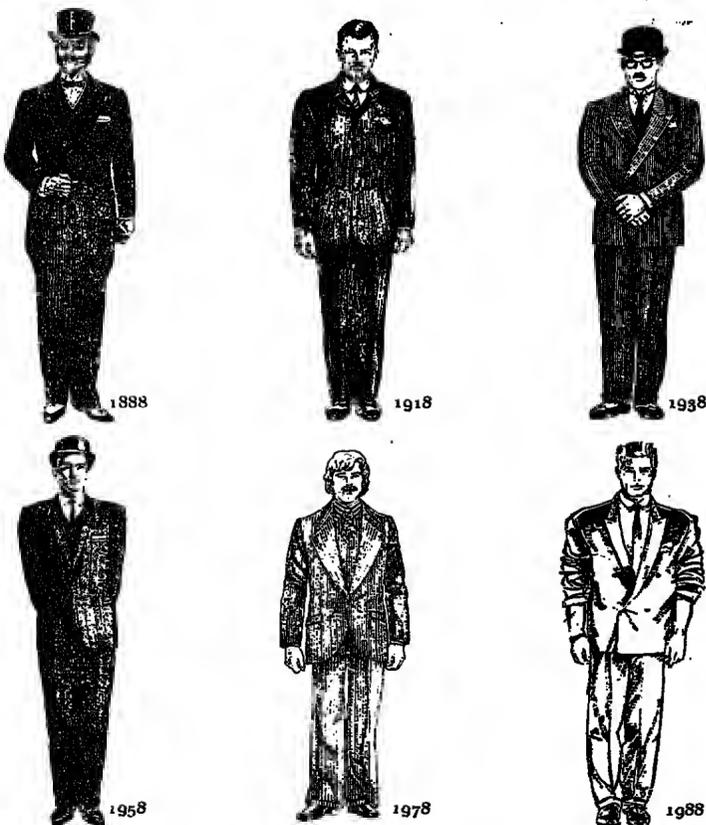
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FINANCE & THE FAMILY

The Week Ahead

The advantage of maturity

THE stock market, hooked on takeover talk, meets a number of the companies which it has been talking about next week.

These, mostly, are described as "mature" and categorised as bidder or biddee. However, against today's background of suspect consumer expenditure, higher interest charges, public distaste for highly leveraged bids and fluctuating exchange rates, their intrinsic prospects are becoming more important.

Thus Rank's Hovis McDougall may be seen more as a milling and baking group than the purveyor of national brands that foreign bidders fantasise about. The bidder in this case, the Australasian baking group Goodman Fielder, is stuck with a 29.9 per cent stake following last August's reference (and subsequent withdrawal) of its own 465p a share bid to the Monopolies and Mergers Commission. It put the stake up to auction and failed, says the market, to get its reserve price of 400p a share.

The shares were around 350p to 360p this week. Given that RHM makes its defence document forecasts of £150m pre-tax and earnings of 30p a share in Tuesday's results, it will be on a pie of 12 after trebled profits and doubled

earnings in three years. There must be a limit, people say, to what a "mature" company can do.

BAT, on a 1988 p/e of about 7, has sought to transcend that limit, and reduce its dependence on tobacco, with a long series of diversification moves. Viewed as pedestrian but worthy in its recent performance, it is paying \$2.5bn (more than £3bn) for the Farmers Group, the Los Angeles-based US insurance combine.

It clinched the long-fought deal in August, just in time to be caught by Proposition 103, passed into law by voters in California this month, which provides for immediate 20 per cent cuts in premiums from 1987 levels and tight price regulation in future.

However, Charles Pick of the Nomura Research Institute estimates that this threatens only \$30m of BAT's profits next year. In the meantime, he has a forecast for Wednesday's

third quarter profits of £270m, before tax, up from £215m at this time last year.

Courtaulds looked as if it might be into something big this summer, when the Australian media boss, Kerry Packie, was revealed as a stakeholder in the company in June; a month later the textiles combine raised £207m by selling Salcor, its South African wool yarn division.

But the group was not jostled into doing anything flashy. In August it paid some £22m for Liberty, the US manufacturer of lace and elastic fabric, and picked up Curial's sock division for \$7.1m cash.

There have been a number of factory closures lately, reflecting the way currency fluctuations have priced some UK-manufactured products out of British shops; the recent weakness in the retail market for women's clothing must be a further worry.

Peter Hyde of Kleinwort Benson Research has reduced his interim profits estimate for Wednesday from £104m to £101m, compared with £102m at this stage last year. The Salcor cash, he said, did not come through to Courtaulds as quickly as he had expected.

That word "mature" comes up again with Boots. Some people think that the company ought to be a bid target and Charles Nichols, of Phillips & Drew, notes that its one retail market is under attack with first Woolworth buying up big drug store chains, second, concentration in retail chains, groups, and third, food retailers going hard for the health and beauty market.

Nichols believes that, short of property profits and last year's accounting complications, Boots will show a rise from £105m to £107m at the pre-tax level for the first half next Thursday, on the way to £250m, against

£236m, for the year.

In merchant banking, securities trading and asset management, meanwhile, SG Warburg's business has been changing rapidly. Hailed as one of the few major groups to come sensibly out of the takeover turmoil surrounding the City of London's Big Bang - not to mention its feat of coming relatively unscathed out of last October's stock exchange crash - Warburg brings its interim results out on Wednesday.

However, this year there has been real war in stock exchange market making. Shearson Lehman, accordingly, has reduced an earlier forecast for Warburg of £120m, up from £111m in 1987, to £105m for the year to March, splitting as to £45m in the first half, and £45m in the second.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for depositors at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK						
Deposit account	4.00	4.10	3.26	monthly	1	1,000-4,999
High interest cheque	7.20	7.20	6.76	monthly	1	5,000-9,999
High interest cheque	7.40	7.40	6.96	monthly	1	10,000-49,999
High interest cheque	7.80	8.10	6.48	monthly	1	50,000
High interest cheque	8.20	8.50	6.80	monthly	1	
BUILDING SOCIETY						
Ordinary share	5.50	5.56	4.46	half-yearly	1	1-250,000
High interest access	7.40	7.40	5.92	yearly	1	500
High interest access	7.65	7.65	6.12	yearly	1	2,000
High interest access	8.15	8.15	6.52	yearly	1	5,000
High interest access	8.40	8.40	6.76	yearly	1	10,000
90-day	8.40	8.58	6.98	half-yearly	1	500-9,999
90-day	8.65	8.84	7.07	half-yearly	1	10,000-24,999
90-day	9.15	9.36	7.49	half-yearly	1	25,000
NATIONAL SAVINGS						
Investment account	10.00	7.50	6.00	yearly	2	5-100,000
Income bonds	10.75	8.47	6.78	monthly	2	2,000-100,000
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000
3 1/2% issue	7.50	7.50	7.50	not applic.	3	5
Yearly plan	7.50	7.50	7.50	not applic.	3	20-200/month
General extension	5.01	5.01	5.01	not applic.	3	14
MONEY MARKET ACCOUNT						
Schroder Hagg	7.96	8.26	8.51	monthly	1	2,500
Provincial Bank	8.83	9.20	7.38	monthly	1	1,000
UK GOVERNMENT STOCKS						
5pc Treasury 1986-89	10.15	8.65	8.07	half-yearly	4	-
5pc Treasury 1992	10.36	8.26	7.83	half-yearly	4	-
10.5pc Exchange 1995	10.12	7.57	5.04	half-yearly	4	-
5pc Treasury 1980	8.27	8.47	7.59	half-yearly	4	-
5pc Treasury 1982	8.36	7.53	7.03	half-yearly	4	-
Index-linked 2pc 1992/95	8.01	7.50	7.20	half-yearly	2/4	-

*Lloyds Bank/Halfpenny 90-day; immediate access for balances over £5,000.† Special facility for extra £5,000. ‡ Source: Phillips & Drew. \$ Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax, 2 Paid gross, 3 Tax free, 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share	Market price	Price of bid	Value of bid	Notes
Armstrong Equip.	100p	100	100	54.9	Wardle Storage
Asset Trust	85	88	14.1	Jersey City	Jersey City
Assoc. News	78p	758	903	1,025m	Daily Mail & Sun
Aurea	148.6p	127	127	103.1m	Amal. Ind. Ind.
Avet	80	85	70	101.8	Wentworth
Bejam	195	196	171.2	240.50	Island Process F.
Bernal Quinlan	450p	445	417	330.00	Blue Circle
Buckley's Brew.	197p	183	180	26.0	Harp Lager
Barford Grp.	374	385	389	389	Barford Grp.
Carfax	117.95p	113	109	208.26	Kat Energy
Collins (Wm.)	640p	705	643	99.9	News Int.
Collins (Wm.) A	535p	573	455	58.1	News Int.
Candell	138	136	128	24.78	Ferry Pictorial
Dale Group	90	87	87	19.98	Beaufort
Graphic Sec. C.	120	123	103	18.8	McLendon Retail
Hall (Matthew)	189.95	180	140	322.01	AMRC
Invergoron	405	403	370	83.75	DMWS 90
Irish Distillers	1452p	1489	1478	1,336.1	Grand Dist.
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Land Leisure	38.95	38.0	37	187.02	Leisure Inv.
Pittway	380	386	380	55.25m	Grand Mat.
Pittway Garner	187.95	192	185	40.54	Strong & Fisher
Plessey	225	222	175	1.7m	GEC-Stemens
Radisson	540	540	540	540	Radisson
Solar	231.65	227	240	272.86	Thomson T-Line
Tank Force	225	221	191	18.49	Alphacard
Telephone Bank	305p	304	211	284.8	Cable & Wireless
Webb (Joseph)	80	85	85	16.84	Stewart Group
Zygal Ind.	107	107	107	107	Stewart Group

*All cash offers.†Cash alternative.‡Strat bid. \$For capital not already held. † Unconditional. ‡Based on 2.30 pm prices 18/11/88. †At suspension. ‡Based on FAV. \$55 shares and cash.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Dividend per share (p)	Dividend per share (p)
BOC	Sept	301,500 (283,200)	4.44 (36.3)	16.8 (13.5)
Burton Group	Aug	211,700 (183,400)	23.5 (20.2)	8.4 (7.2)
Capital Radio	Sept	9,280 (9,940)	37.2 (16.3)	10.0 (6.0)
Christy Hunt	Sept	3,720 (2,320)	5.8 (3.8)	2.16 (-)
Concentric	Sept	6,280 (6,280)	23.4 (17.6)	7.8 (6.5)
Control Tech	Sept	2,990 (1,570)	13.4 (8.5)	4.5 (3.7)
Five Oaks Invest	June	3,040 (2,187)	8.7 (7.1)	- (1.0)
Gaynor Group	Aug	681 (611)	8.6 (6.1)	3.0 (2.7)
Hatfield Estates	Aug	2,200 (1,818)	20.2 (15.3)	3.0 (1.9)
Jessops	Aug	2,700 (2,040)	23.4 (17.5)	6.2 (5.2)
London Enterprise	Aug	603 (110)	11.7 (6.1)	3.0 (2.7)
Morland & Co	Sept	6,200 (3,804)	58.8 (35.3)	9.0 (-)
Raine Industries	June	13,480 (13,480)	8.6 (4.5)	3.0 (1.4)
Redfern	Oct	5,280 (4,077)	48.9 (48.7)	14.0 (9.5)
Tombstones	Oct	4,330 (3,360)	21.4 (17.6)	10.5 (7.0)
Tubular Exhib	July	1,030 (193)	1.8 (0.3)	0.4 (-)
Wade Pottery	July	2,310 (2,320)	18.2 (14.4)	5.0 (4.3)
Wardle Storage	Aug	16,470 (12,767)	44.1 (36.2)	12.0 (9.0)

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£000)	Interim dividend per share (p)
AAH Holdings	Sept	13,100 (10,200)	4.0 (3.6)
Abbey Holdings	June	625 (896)	- (-)
Allied Irish Bank	Sept	66,800 (48,750)	5.7 (3.9)
Alphacard	Sept	514 (1,150)	1.0 (1.0)
BAA	Sept	158,000 (136,000)	3.5 (3.0)
Bechtel Group	Sept	216,800 (186,896)	6.3 (5.6)
Brewineries	July	222,000 (222,000)	2.5 (-)
British Airways	Sept	222,000 (222,000)	2.5 (-)
British Telecom	Sept	1,248m (1,138m)	4.2 (3.7)
Bulgin AF	July	442 (211)	- (-)
Cable & Wireless	Sept	198,000 (185,000)	2.8 (2.3)
Cambridge Instrument	Sept	2,290 (2,770)	0.24 (0.22)
Capital Gearing Ltd	Oct	4 (13)	- (-)
Davy Corporation	Sept	8,890 (6,250)	2.5 (2.0)
De La Rue	Sept	28,300 (21,614)	3.2 (3.2)
Dunhill Holdings	Sept	18,720 (15,219)	1.2 (0.9)
Fabrilor	Sept	6,210 (2,310)	1.7 (0.8)
Foster John	Sept	1,450 (760)	1.1 (0.5)
Goldberg A	Sept	344 (760)	1.4 (1.3)
Granville Surface Coat	Aug	794 (678)	1.1 (1.0)
Grant Portland Est	Sept	13,100 (10,050)	3.0 (2.7)
Hambleton Invest Ltd	Sept	7,100 (3,770)	2.0 (2.0)
Hannover Druce	Aug	1,180 (92)	1.5 (1.5)
Health CE	Sept	9,590 (9,301)	7.5 (7.3)
Highland Participant	June	1,790 (210)	1.0 (-)
Just Rubber	July	468 (359)	0.8 (0.7)
Land Securities	Sept	71,400 (68,000)	4.1 (3.9)
Lilley FIC	July	3,010 (624)	0.5 (-)
Locker Thomas	Sept	582 (1,040)	0.37 (0.37)
London Bell Group	Sept	14,280 (15,010)	2.3 (2.0)
Marshall's Ind.	Sept	12,050 (7,050)	2.2 (2.0)
Meyer International	Sept	41,800 (51,340)	4.0 (3.0)
MHC Group	Oct	4,010 (2,885)	1.0 (0.7)
Normans Group	Oct	2,130 (1,530)	1.0 (0.9)
Orlino	Sept	3,380 (2,290)	3.5 (3.0)
Regellan Properties	Sept	17,250 (11,820)	1.5 (1.0)
Royal Insurance	Sept	140,000 (229,000)	- (-)
800 Group	Sept	4,320 (1,450)	2.5 (2.3)
Shelburne	Sept	7,300 (5,600)	6.5 (6.0)
Sonic	Sept	50 (96)	1.0 (0.7)
Sotheby's Holdings	Sept	3,400 L (2,821 L)	- (-)
Témoco	Oct	1,500 (1,240)	1.8 (-)
Thames Television	Sept	12,810 (12,070)	4.7 (4.4)
Thorpac	Sept	67 (73)	1.2 (-)
Trevian Holdings	Oct	1,350 (93)	1.2 (-)
Témoco	Sept	3,820 (2,000)	0.6 (0.4)
Uthmaniyah	Sept	7,100 (11,800)	- (-)
Unigate	Oct	48,800 (40,183)	3.3 (4.9)
Unilever	Sept	40,000 (39,648)	3.9 (3.5)

NEWS.

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FINANCE & THE FAMILY

Heather Farmbrough on firms which offer . . .

The human touch

A TRIP to the grimy City of London seems an odd way to spend the day for those fortunate enough to be enjoying the sun on the "English Riviera". But clients of Whale Hardaway, the private client stockbroker in Torquay, Devon, are quite happy to board a coach for the City, with investment lectures and videos to enliven the journey and a tour of the Stock Exchange and the Lloyd's building on arrival.



Provincial brokers

Regular city visits and lectures in Torquay itself are all part of the service provided by the indefatigable Sheila Hardaway, a director of the firm. She is also keen on the idea of "doorstep investing". Having just returned from a visit with several clients to Television South-West, she is offering a winter programme of company visits including Watts, Blake, Bearn, the china clay manufacturer, London and Manchester, the insurance group; and Bulmers, the cider producer. In view of the last, it is perhaps fortunate that all are close by.

Over on the Isle of Wight, the Newport office of Cobbold Roach offers coffee and Extel cards, the FT and analytical research to anyone who cares to drop in. It is all part of a service designed to show clients that stockbrokers are human after all. In a similar fashion, Sheila Hardaway says that clients who drop into the office will "open the door and bump into us".

According to James Lissord, deputy chairman of Cobbold Roach, the key to a good service is being "user friendly". The Isle of Wight office is one of several opened recently by Cobbold Roach, formerly A. H. Cobbold, the Southampton-based stockbroker which was established the year after the 1815 battle of Waterloo and is now the UK stockbroking arm of Elders DXL.

How do the clients feel about the tie-up with the antipodean brewer? "It hasn't directly affected them, although the financial security of the backing of a worldwide group is very reassuring for them," says Lissord. "It has also enabled us to expand our business. Elders has been very supportive all through the market crash and the difficult months which followed."

The Elders link dates back to 1936 when A. H. Cobbold went into partnership with an Australian private client broker, Roach Tilley Grice (RTG). At the time, Elders had a 40 per cent holding in RTG, which in turn had a holding in three other Australian private client brokers. Last September, Elders took full control of Cobbold Roach.

Elders' capital has financed the opening of a number of offices - in Salisbury, Taunton, Tiverton, Chichester, Tunbridge Wells and the Isle of Wight - on top of the existing ones in Southampton, Winchester and London. RTG provides research on Australian stocks while the London office has just set up a European department to sell to institutional clients.

"There is no way we can compete with a Hoare Govett or Cazenove, but we can offer specific expertise in niche markets," says Lissord. Thus, Cobbold is using its European knowledge to set up a trustee and trust fund. The firm, like Whale Hardaway, also follows local companies from the Taunton office. Research on major British companies is bought from other UK brokers.

Cobbold's charges are based on the old stock exchange fixed rate of 1.5 per cent for the first £7,000 and then a declining scale. Discretionary clients (fewer than 30 per cent) are charged commission on dealing, but there is no fee for managing their portfolios.

The firm also offers a discretionary unit trust fund management service for which it charges a 1 per cent management fee, although there is no front-end load on switching. Lissord argues that Cobbold's wide network enables it to get favourable prices as it deals in blocks of units. Clients' portfolios range from £500 in value to more than £1m.

Further west, on the "English Riviera," Torquay also has its share of affluent clients, particularly among the retired folk who make up about 35 per cent of the local population. However, Sheila Hardaway is anxious to dispute the idea that Torquay is an octogenarian's South of France. "Many people come here as early as 55 and that age is coming down," she says.

"Torquay is also a sunrise area, and we are attracting a lot of large firms and start-up businesses." Whale Hardaway was set up in 1974 by her husband James, a former investment banker in the US, and his partner David Whale, a member of the Birmingham Stock Exchange. The firm has "between 3,000 and 5,000 clients," of which the majority are advisory.

ment fee of 0.75 to 1 per cent on the portfolio. Whale Hardaway uses the same commission scale as Cobbold, and charges a minimum commission of £15.50. James Hardaway admits that commissions "are not realistic for the long term. The only realistic way is to charge clients 2 per cent and then a sliding scale."

Like Cobbold, Whale Hardaway buys in research on the UK, Far East and North America but produces its own bulletins following visits to local companies. "We don't do in-depth studies of the market; but if we look at a particular sector, we tend to look at who is recommending it and why," says Hardaway.

He rejects the argument that this might mean clients end up buying and selling after the rest of the market at less favourable prices. "We're not interested in the next two minutes of stock and whether it's going to jump a few points. We have our own vetting process and we also apply technical analysis," he insists.

Such a long-term view seems rather appropriate coming from the relaxed world of the south coast. There's no hurry to make up your mind and you can always pop into the office on the way home. Perhaps Whale Hardaway will start serving tea.

NO MATTER how much of a global nomad an expatriate becomes, one day he will want to start collecting benefits to finance what everyone hopes will eventually come his way - a long and happy retirement. Whenever the corporate gypsy decides finally to hang up the boarding passes and baggage tags, it is going to require careful financial planning. So, what pension options are available?

The simplest case is the employee of a UK company who is posted to an overseas branch. Typically, this person will already be a member of his or her company's contracted-out scheme which is designed to pay a pension of x-60ths of final salary at retirement, up to the maximum Inland Revenue-approved limit of forty-six-thirtieths.

Provided the employee's work, including his location, remains under the control of his UK-based employer, he can remain a member of his company's UK occupational pension scheme. This applies even though the employee might not be paying UK income tax. The general rule is that so long as the employer is liable to UK tax, the employee can remain in the scheme.

The employee will not get tax relief on any contributions his employer requires him to make to the scheme (for the simple reason that he is not paying any UK income tax against which to set relief), but retains the financial advantage of having his money put into an approved pension scheme where benefits accumulate free of all income and capital gains taxes. There is no time limit on this concession, provided the employee remains responsible

to his UK-based employer. Now let us look at the rather different circumstances of someone seconded to an overseas subsidiary or parent company, and whose work and location are controlled from outside the UK.

In this situation, it is possible to remain in the UK pension scheme for up to three years. It is usually possible to extend this period to six years, provided there is the expectation of a return to the UK.

In theory, there is a time limit of 10 years beyond which an expatriate whose work is controlled by a non-UK company would not be able to continue in membership of a UK occupational pension scheme. However, according to Brian White of consulting actuary Mercer Fraser, the Inland Revenue is prepared to be flexible in such matters and its interpretation is often "more generous than the rule book suggests."

One set of circumstances in which the Revenue has no scope to be flexible is where a non-expatriate has previously been paying contributions into an old style S.28 pension or one of the new generation of personal pension contracts, either as an alternative to his employer's scheme or because his employer doesn't operate a

When planning counts

EXPATRIATES

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such contracts only if you have UK earnings. When you become non-resident for tax purposes, you must freeze the contract or cash it in.

Once the insurance company, building society or fund management group with which you have the contract is aware of your relocation overseas, it has no alternative but to refuse further contributions from you into its tax-free fund.

Should you opt for an offshore pension plan if you find yourself in this position? Perhaps, but only after consulting a fully authorised Fimbra financial adviser. After all, a pension plan is essentially a funding programme designed to produce a stream of income and perhaps a lump sum payment at some point in the future.

When you think of it in these terms, and remember also that the "magic" of tax relief on pension contributions disappears when it comes to offshore pension plans, it becomes clear that properly structured advice on how to build up a retirement nest-egg might involve more sensibly around forms of investment and saving other than an offshore pension plan.

As John Crittenden, the

manager in charge of expatriate services at Lloyds Bank in the Isle of Man, puts it: "If you aren't paying tax, you can't get tax relief. What you can do is build up a fund, perhaps using cash deposits and shares, which can be turned into retirement income at the appropriate time."

Two further points are worthy of note by expatriates who go the DIY pension route. First, if you do decide on an offshore pension plan, make sure you understand the charging structure before you sign on the dotted line. Several of the insurance companies which market these contracts will allocate you caddy-sounding "capital" units for your first two years' contributions. But capital units are far from caddy so far as you, the expatriate, are concerned. The term is really a euphemism for whopping big charges which often are hidden from view unless you ask.

Second, whatever financial plans you make for your retirement, keep firmly in mind the effect of currency fluctuations. If your retirement liabilities are likely to be in sterling, then your planning should reflect this. For example, people whose liabilities are in sterling but whose planning is now producing an income in US dollars are suffering badly from the massive fall in the dollar over the past three years.

Peter Gartland
Peter Gartland is editor of The Internationalist, the FT magazine for expatriates.

Fiona Thompson reports on the contest's leaders and laggards.

Teams jostle for position down the home straight

COMPETITORS in the Great Investment Race are at the moment concentrating on avoiding any last-minute financial banana skins.

The nine teams have just two and a half weeks left to consolidate their gains before the competition ends on Thursday December 8. Equally - perish the thought - they have two and a half weeks in which to slip up.

Some are taking the safe route. Liquidating their holdings and hanging on to the cash, others are staking the lot on tantalising deals in a final burst of action. While they all want to make as much money as possible for charity - the aim of the race - clearly not a little rides on just who comes where in the league table.

The fund managers set off 11 months ago, each with a starting stake of £55,000. Charity Projects, the race organisers, will be donating all the money raised to small charities for the homeless, the disabled, drug and alcohol victims.

The teams have had a much harder time of it in this year's bear market, as the amount raised so far makes plain. Last year just six teams set off into the roaring bull market, and with smaller - £35,000 -

stakes. Yet that original £210,000 portfolio produced a profit, after repayment of the starting stakes, of £779,856. With one evaluation still to come in this race, the total profit so far from nine teams, stands at £642,567. Granted, anything can happen in the next two and a half weeks.

The Prudential remains in the lead with £250,138, a rise of £15,000 this month, the majority coming from FTSE futures dealing. "We're now looking for opportunities to liquidate our portfolio (of six stocks) at the best price," says Trevor Pullen. "But we are going to run the race right up until the end. We don't see any reason to stop."

Neither, indeed, does Cazenove, lying in second place with £166,125. The City stockbroker has had an active month. "And that's the way it will continue," says Bernard Cazenove. "We won't rest on what's there."

Cazenove made a £9,700 profit on the sale of BAT Industries November call options, £2,000 on GEC October call options, £2,000 selling AB Electronics shares, and £1,000 on the sale of Ciba-Geigy dollar warrants. The market value of its Mountrail preference

shares increased by £2,000, and its Mitsubishi Real Estate dollar warrants rose by £4,000. On the downside, Cazenove lost £9,000 on Marks and Spencer January call options. The net result was a £13,000 rise on the month.

Will it catch the Pru? "I'm ever the optimist," says Cazenove. "We will be looking for the short-term opportunities, those that materialise in a day or two."

The biggest jump this month - £31,000 - came from Henderson Administration, the independent fund management group, which is in third place with £173,054, just £13,000 behind Cazenove.

All of the gain came from dealings in FTSE, S&P and US Treasury Bond futures. Claire Nowak is still convinced that despite the rallying of the markets, "the underlying position is very shaky indeed, and although both the UK and US markets may go up a bit in the short term, I think both will go down again." Nowak plans to deal until the end. Her hopes for the final funding? "For a bit more of a photo finish."

Daiwa, the Japanese securities house, remains in fourth place with £128,118, according to the WM Company, the Edin-

burgh performance evaluation consultant which is evaluating proceedings. Daiwa rose by £18,000 this month, all on the sale of dollar warrants, £7,500 on Mitsui Rayon, £4,500 on Nichidai and £4,000 on Sumitomo Realty.

"We will run the positions as we have them and take profit-when we think it is the best time," says Antoni Glogowski. "Only something really exceptional could attract us now."

His counterpart at Nomura, the second Japanese securities house in the race, is following a different tack. "We're getting even more aggressive," says Andrew Jacobs. "We are moving our entire portfolio in for half an hour or an hour. We're running a risk-lover's fund."

It certainly did them proud this month. In fifth place with £106,282, they gained £28,000 in the four weeks, all on dollar warrants - £4,000 on Seppuro Brewery, £6,000 on Yokkaichi Warehouse, £9,000 on Hitachi Machinery and £4,000 on Sumitomo Chemical.

Nomura gain of one place pushed Enskilda Securities, the investment banking arm of Scandinavian Enskilda, Scandinavia's biggest bank, into sixth position. Before this month Enskilda had dealt only



THE GREAT INVESTMENT RACE

GREAT INVESTMENT RACE HOW THEY STAND			
1	(1)	Prudential	£250,138 (£205,049)
2	(2)	Cazenove	£166,125 (£173,147)
3	(3)	Hendersons	£173,054 (£141,800)
4	(4)	Daiwa	£128,118 (£110,340)
5	(5)	Nomura	£106,282 (£ 83,673)
6	(6)	Enskilda	£102,795 (£ 96,054)
7	(7)	Capital House	£ 70,289 (£ 68,942)
8	(8)	Hoare Govett	£ 63,622 (£ 64,249)
9	(9)	Bell Lawrie	£ 58,128 (£ 55,641)

Last month's position in brackets. Source: WM Company

in continental European markets, and a dip this time into the UK, buying Plessey shares, lost them £2,000. But having made £4,900 on two Norwegian stocks, they came out up at £102,795.

"Our policy is to carry on looking for special situations," says Richard Martin, "but we don't want to take big risks."

Capital House, in seventh place with £70,289, only made one deal this month, but the market value of a number of shares shifted. "It's been a tale of two halves," says David Kidd, "our UK stocks didn't do very well but this was more

than offset by our Japanese holdings." The major decision is when to sell. We will probably hold for a while yet, gradually liquidating. But if something looks extremely good, we would go in ahead."

Hoare Govett, in eighth position with £63,622, has sold off all its three stocks and is leaving the cash to gain interest. Bell Lawrie, the Edinburgh stockbroker in ninth place, will be running "up until the last minute," says Alan Henderson. Bell made £5,100 on the sale of Invergordon Distillers shares, clocking in at £58,128.

A GOLDEN INVESTMENT

Few investments have such universal appeal as gold, and for a very good reason. It has produced spectacular gains over the years, not least in the last great period of rampant inflation in the 1970's.

Inflation is once again rising all over the world, and the more it rises the more people will look towards gold and gold related investments as their hedge.

If you want to be ahead of the crowd in the next rush for golden inflation hedges, the November issue of Money Observer is essential reading. It includes an in-depth examination of the best gold and gold related investments on the market.

This 106-page issue also tells you which pension funds have been the best performers over the last decade, reveals how you can get an income for life and has a nationwide survey on house prices.

There are also revealing profiles of leading companies and go ahead entrepreneurs, choice share tips and comprehensive performance data on unit trusts, property bonds and shares.

This issue also marks a milestone for Money Observer in that it is its 100th issue, and no other monthly investment magazine has attained such success in the UK.

The November issue of Money is out now at all leading newsagents price £1.95.

But an even greater bargain is an annual subscription on direct debit. This costs only £20 (£30 airfreight overseas) including p+p and will ensure prompt receipt of Money Observer every month for a year at your home or office. It represents a substantial saving on the normal annual subscription price of £24.50 (£34.50 Overseas).

As a new subscriber, you also qualify for a free binder, normal price of £8.50 to allow you to keep your issues in mint condition. Remember that Money Observer also serves as a valuable reference library, so having your copies in a handy binder will make it much easier to call on Money Observer's wealth of statistical data, particularly its unique performance data, covering every listed share.

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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

LEGAL NOTICES

No. 008260 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF ARLEY HOLDINGS PLC
- AND -
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a Petition was on the 1st November 1988 presented to the Hon. Mr. Justice, Justice of the Peace for the County of London, in the High Court of Justice, Strand, London WC2A 2LL, on Monday the 28th day of November 1988.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Hon. Mr. Justice, Justice of the Peace for the County of London, in the High Court of Justice, Strand, London WC2A 2LL, on Monday the 28th day of November 1988.
Any Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said Certificate of the Share Premium Account should appear at the time of hearing in person or by Counsel for the purpose.
A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same.
Dated 18th November 1988
George Green & Co. of 100 High Street, Chancery Lane, London WC2A 2JF, Solicitors for the Share Premium Account.

COMPANY NOTICES

Issue of up to U.S.Doll. 600,000,000
Banco Francisco de
Comercio Exterior
Floating rate notes due 1996 of which U.S.Doll. 250,000,000 is being issued in the United States.
In accordance with the provisions of the above mentioned floating rate notes, the rate of interest for the period November 15, 1988 to May 15, 1989 has been fixed at 2.9775 percent per annum.
The interest payable will be U.S.Doll. 2,241.75 on each note of U.S.Doll. 80,000 and U.S.Doll. 11,208.00 on each note of U.S.Doll. 220,000.
Banco Internacional de Leasing
Sociedad Anonima
Fixed Agent

WORLD TYRE INDUSTRY

The Financial Times proposes to publish this survey on:
13th December 1988

For a full editorial synopsis and advertisement details, please contact:
Colin Davies
on 01-236 1434

or write to him at:
Bracken House
10 Cannon Street
London EC4P 4BY

FINANCIAL TIMES
BUSINESS SURVEYS

INCOME GROWTH

SECURITIES TRUST OF SCOTLAND

WITH CAPITAL RETURNS

Dividends per share for years to 31 March:

1984	1.60p	1.05p
1985	2.00p	1.35p
1986	2.50p	1.70p
1987	3.00p	2.00p
1988	3.60p	2.40p
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FT Actuaries All-Share	+20%	+11%	+13%	+14%	+12%*

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Securities Trust Share Price	313.84	309.88	+13%
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Investing worldwide in soundly managed companies with progressive dividend policies has proved successful in the past and recent fiscal changes strengthen the attractions of income growth.

The interim report of Securities Trust of Scotland is now available. If you would like a copy and information on the Martin Currie Savings Plan, please complete and return the coupon.

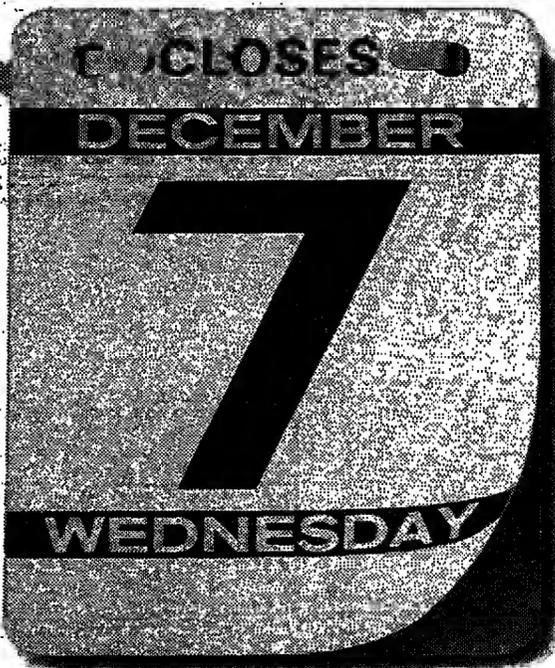
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Some good news about investing in commodities



And some bad news.



With commodities it doesn't matter whether the markets are rising or falling, you can still make money if your strategy is right. That, however, is a very big if.

Many eager investors have had their fingers burnt by adverse price movements.

While this element of risk makes commodities appealing to those who find a game of Russian Roulette a relaxing way to pass the time, the rest of us might prefer to invest in something more certain.

For us, there is the Rudolf Wolff Investment Guaranteed Commodity Fund 1992 Limited ("the Fund").

As promoters, Rudolf Wolff have structured the Fund to give you all the excitement of investing in commodities whilst the Fund guarantees the return of your initial capital. To make this possible Rudolf Wolff has arranged that on the close of the offer the Fund will purchase from Citibank, N.A. a Promissory Note that will provide for Citibank, N.A. to pay the Fund the equivalent of 100% of the initial capital subscribed at the end of four years when the Fund will be dissolved.

In other words, your potential for profit is considerable. But you can still sleep at night.

Just how much you'll make depends on the professional skills of the Fund's investment advisers Adam, Harding & Lueck Ltd.

Fortunately, the principals of Adam, Harding & Lueck Ltd have a proven track record for producing

consistently above-average profits. Over the years, they have developed unique computer systems which technically analyse the markets. They combine this with sophisticated money management techniques which are applied to a broad spread of futures investments.

This ensures returns that are consistent and stable, but not devoid of excitement. Since January 1984 funds under their management have shown an audited composite average performance of 50.2% per annum. (Source: Adam, Harding & Lueck Limited).

Of course past performance is not necessarily a guide to future performance.

If you have read this far, you probably want to know more about the Fund.

The minimum investment is £10,000 or the foreign currency equivalent. The Fund will be dissolved in 1992, when your initial capital and any profits will be paid to you.

However, the Fund, which is incorporated in Bermuda, is a closed-ended investment company, so applications for shares can only be accepted until 7 December 1988.

To receive a Prospectus, on the terms of which alone applications for shares will be considered, simply complete the coupon and post it to us. Rudolf Wolff & Co Ltd., Freeport, London EC3 3LQ.

Or if you're in a hurry, telephone us on 01-626 8765 or on our 24 hour night service 01-283 3656.

Please send me a Prospectus for the Rudolf Wolff Investment Guaranteed Commodity Fund 1992 Limited.

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Address _____
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This advertisement is issued by Rudolf Wolff & Co. Limited which is regulated by the AFB. The Rules of the AFB require that investors' attention be drawn to the following matters: - the value of the shares may fluctuate in money terms - there will be no recognised market for the shares in the Fund and it may be difficult for an investor to sell his shares prior to the Fund being dissolved or to obtain reliable information about their value or the risks to which they are exposed. However as a shareholder you will receive quarterly reports issued by the Fund. - because shares in the Fund will not be traded regularly or frequently it cannot be certain that a price for the shares will be quoted at all times and any transaction in the shares may not be effected at a quoted price. - the Fund is not an authorised person under the Financial Services Act 1986 and is therefore not subject to the rules and regulations made under that Act or by any SRO for the protection of investors.

FINANCE & THE FAMILY

A mere £80 for 14 years' work

On my retirement, I was summoned by my general manager and handed a letter of commendation for 14 years' service. But five months earlier, in April this year, I was told I would receive a mere £80 lump sum. This I felt was unfair because one colleague of mine, with the same amount of service and the same basic earnings, had received upon his retirement in April a lump sum of £2,300 plus his pension.

Again, another colleague who is due to retire in February 1989, with only eight years' service, will receive a lump sum of £1,400. This points to a case of injustice.

In 1983, at the age of 60, I was given an unconditional five-year extension to my contract. At no time during this five-year period was I advised by my employer or my union that continued participation in the pension scheme would adversely affect my lump sum. On querying my employer as to how it arrived at the sum of £80, it referred me to the DBSS, saying it had stipulated this figure. But the area manager of the DBSS told me it did not legislate with regard to my employer or any other private pension scheme.

In July, after hearing about my dissatisfaction with the £80, the powers-that-be raised it to £364, claiming that my basic earnings had increased slightly between April and July.

What do I do?

We assume that you have been given a calculation sheet by your employer's pensions department setting out the amount of pension and tax-free cash for which you have qualified for each year of pensionable service.

We are at a loss to understand the reference to the DBSS. If your pension scheme is contracted-out of Serps, then your own scheme rules must guarantee a minimum the amount of pension that you would have received from Serps - known as the guaranteed minimum pension (GMP).

In some schemes, this rule might have the effect of limiting the amount that can be converted into cash at retirement. It is the responsibility of your employer, not the DBSS, to administer your occupational pension scheme in accordance with the contracting-out

rules and it is, therefore, your employer and not the DBSS to which you must turn for an explanation.

As background information, it might help you to note that some employees with the same service and on the same salary have been able to earn more pension and more cash by paying additional voluntary contributions (AVCs).

Row with neighbour

After 23 years of peaceful co-existence with numerous neighbours at my previous address, we moved and are now in ludicrous conflict with one of our new neighbours.

The Great Storm in October last year shifted this neighbour's fence, revealing that it was resting against my wall. I asked him, when repairing the fence, he would re-position it as I would like to raise the wall, which is very low, to the height of the existing fence.

He shows no sign of repairing and refuses emphatically to re-position the fence. He has even challenged me to go to law. Am I being unreasonable to expect him to co-operate?

If the fence has been positioned on or against your wall for 20 years or more, you cannot insist that your neighbour move it. Otherwise, you can insist; but it might be difficult to obtain an injunction to enforce your rights if the fence is merely against your wall and not deriving any support from it.

Verge of disaster

A grass-cutting machine operated by the county council threw up a stone from the grass verge and smashed a large picture window in front of my house. The damage amounts to £130. The council refuses to pay, denying liability and negligence. Is there any way the council could be forced to reimburse me? My

insurance company has refused to pay, saying the council is responsible. If the breakage is covered by your insurance, the insurers must honour their contract to indemnify you. It is not an adequate response to blame the council. In fact, it seems unlikely that you could prove negligence on the part of the council: it seems to be a genuine accident.

The cost of two homes

I now own two houses. One I bought myself but the other, which is larger and more valuable, I inherited from my father who died 15 months ago.

Can I avoid paying capital gains tax totally if I sell either one of these residences within two years of his death? Neither house has yet been declared as my main residence and, in fact, I lived with my father for four years before his death, leaving my own house empty.

You could give notice under section 101(5)(a) of the Capital Gains Tax Act 1979 that your late father's house be treated as your main residence from the date of his death. When that house is sold (contract day), you could give a suitably retrospective notice that your original house be treated as your main residence. This would exempt your father's house from a CGT charge without producing an unacceptable potential CGT bill upon any eventual sale of your original house.

Alarmed by high fees

For some years, I have used a firm of accountants to prepare my tax return and calculate the PAYE on the small salary my wife receives from a foreign company. Its charges have been reasonable up to the present year. In 1984 they were £227, in 1985 £328 and in 1986 £466. But for the tax year 1987-88 they propose £246 for me, plus £30 a quarter for calculating my wife's PAYE. As my return items have not varied much over the whole period, nor has my wife's income, I would like to refer the matter to an appropriate complaints authority. Is there an ombudsman who deals with such matters?

It is not possible to say, from

the bare facts outlined, if you are likely to obtain any net benefit from lodging a formal complaint but you could write to the appropriate professional body - e.g. the Institute of Chartered Accountants in England and Wales if your accountants were indeed members of that institution.

The increasing complexity of the tax laws under the present Chancellor has led to a general shortage of competent tax staff (because many people have decided to abandon tax as a career), with the result that market forces are pushing up salaries and, consequently, fees. More and more of our readers are likely to find, unfortunately, that they can no longer afford professional assistance with their tax returns - just at the time when they need it most.

Doubt over pensions

I am 47 this year, married and a director of my own private limited company. I retired from the navy five years ago on a service pension and I am now a member of my company pension scheme.

Recently, I discussed with my company scheme representative the merits of contracting-out of the State Earnings-Related Pension Scheme (Serps), and he believes that I should do so because my Serps contribution record is relatively short just five years ago, prior to that, my time in the navy was "contracted out."

At first this sounded convincing but, on consideration, I am less sure. Should I not be considering Serps on the basis of what possible future benefits my contributions over the next 18 years could bring, rather than what I have lost because of a brief contribution record?

Your approach (what do I pay/what do I get in respect of the remaining years until retirement) is the correct one and what you might or might not have received from Serps in the past is irrelevant.

Your membership of a good company pension scheme (we assume it is good, because it is your own company) adds another dimension. A company cannot pick and choose which members of its pension scheme it must contract out. Within a frame set out in the relevant legislation, it must do a cost-benefit analysis for the membership of its scheme as a whole.

If the money saved by contracting out of Serps can be

O&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

expected to provide better benefits, it makes commercial sense to contract out of the scheme as a whole although, in some companies, there may be special circumstances that have led to a different decision.

Your choice as an individual is between joining the scheme and being contracted out, or refusing to join and staying in Serps (as to be contracted out, it must promise you at minimum a guaranteed minimum pension which is the equivalent of what you would get from Serps).

You would be unwise to opt for Serps in preference to membership of a good final-salary scheme.

Dividing a house

My wife and I are both nearing 70 and own our freehold house (worth about £150,000) as tenants-in-common. Under our separate wills, each of us has left half our house to our three children so that, on the first death, the surviving spouse will continue to occupy the house rent-free and own 50 per cent of it while the three children will each own one-sixth. The remainder of the house will pass to the children on the second death. They will then sell it within one year.

1. Will CGT be payable on the increase in house value (or, rather, half the house) between the first and second death? Or its value at time of sale after the second death?

2. Will CGT also apply to the increase in house value (or, rather, half of it) between the second death and the sale which will follow fairly soon?

Upon the sale of the house, each beneficiary will be chargeable upon the difference between (a) his or her one-third share of the proceeds and (b) the respective probate values of his or her two one-sixth interests, indexed from the respective months of the first and second deaths up to the month of the sale contract.

Careful approach was crucial, says John Edwards

Success of M&S fund has lessons for all

DO NEWCOMERS to the world of investment have an advantage over existing players? The success of retailer Marks & Spencer, which has sold £50m worth of unit trusts to 52,000 investors during its entry into this specialised sector, provides some valuable lessons to fund management groups and private investors. The group's name and reputation obviously played a big part but, just as important, was the approach.

After careful research over a two-year period into where next to go in the financial services sector after building up a large credit card business, M&S identified a gap in the unit trust market that it believed had largely been unexploited by existing unit trust groups.

Taking a dispassionate outsider's view, the group decided that the choice of fund management for unit trusts - a key element in their success as an investment vehicle and providing a decent return to the investor - was being carried out in a thoroughly unscientific manner. It felt that if a professional approach was applied to choosing the right investment fund managers, then it could create the kind of unit trust - with limited risk and providing a better return than ordinary savings - that would appeal to the novice investor who previously had fought shy of unit trusts.

Robert Colvill, managing director of M&S Financial Services, said it was noted that the actual number of unit trust account-holders had shown very little increase over the years in spite of the growth in the value of the funds managed and the Government's various moves to widen share ownership. Obviously, there was potential to expand the number of unit trust-holders by using the M&S name and marketing expertise. For a group that made the great British public conscious of avocados for the first time, selling unit trusts should not be too difficult so long as a suitably appealing product was developed.

The first step was to find the right fund managers to try to achieve the main objective laid

down for the proposed unit trust: giving private investors the same kind of limited risk achieved by institutional investors. With literally hundreds of investment management groups from which to choose, M&S talked with several companies before plumping for Frank Russell International, a consultancy group which limits the number of clients it will take on but which now advises on funds (mainly pensions) with assets of more than \$200m.

Colvill had come across FRI before in his previous jobs in the City and knew it had a high reputation as a consultant which chose fund managers with great care, looking not only at past performance but also assessing the amount of risk taken to achieve that performance. The brief was to decide on the allocation of money into different categories of investment - shares, fixed

interest securities, UK and overseas - and then try to select the best specialist fund managers in those sectors.

Not surprisingly, given FRI's specialisation in pension funds and the potential damage to the M&S name if the trust portfolio was badly allocated, the Investment Portfolio is cautious and modelled very much on pension lines. UK fixed interest securities account for 20 per cent of the total portfolio and will be managed by London stockbroker Phillips & Drew. The remaining 80 per cent goes into shares, with 60 per cent in the UK market and 20 per cent overseas. But 80 per cent of the UK investment is an indexed fund, managed by Barclays de Zoete Wedd, to ensure the portfolio's performance does not stray too far from the market average.

As a further balancing factor, the remainder of the UK share investments is divided among two firms with very dif-

The key was in selecting the right managers to do the job

ferent approaches: GMO Woolley, a small organisation that uses sophisticated computer systems; and a specialist team from Mercury Asset Management (part of the Warburg group) that adopts a more fundamental approach, based on research. The 20 per cent of the portfolio invested in overseas shares is being managed by the New York-based Globe Fund.

There is nothing particularly novel in the structure of the portfolio; indeed, it has been described as being dull and boring. It is like a pension fund, without the tax-exempt advantages. But Colvill thinks that where it has the edge (and can presumably justify the high charges: a 6 per cent initial charge and 1.5 per cent annual management fee) is in the selection of the right fund managers to do the job, something that simply is not possible for the average private investor.

M&S has exclusive rights to the services of FRI in the UK unit trust market and also has made it plain that if the fund managers fail to perform as desired, they will be replaced. But much depends on whether FRI and M&S have, between them, got the asset allocations right and if the markets are kind to the fund managers. Bearing in mind the structure and the high costs involved, however, the fund is almost guaranteed to underperform, according to Paul Bateman of Save & Prosper.

He pointed out that while pension funds had tried using different teams of investment managers over the years, controlling a series of different managers was difficult and many institutions had now decided in favour of passive investment via index funds. Nevertheless, he added, there was nothing wrong with the M&S fund. It was blue chip and would give a better return than a building society.

Fred Carr, of Capel Cure Myers, was much more enthusiastic. He said the M&S fund was a super idea, constructed in the right risk-averse way. It was a bit pricey, Carr noted, but certainly more suitable for the private investor than "mucking about in British Steel."

Financial Times Guides to Investment and Financial Planning

FINANCIAL PLANNING FOR THE INDIVIDUAL

By Alan Kelly, Partner, Grant Thornton. (2nd Edition)

Completely revised and updated in the light of major changes in legislation and the marketplace, this guide provides you with essential information on investment planning, unit trusts and investment bonds, pension arrangements, tax planning, personal pensions, personal equity plans, a Personal Financial Planning Questionnaire and a 'Dying Tidily Log'. Published in association with the Institute of Chartered Accountants.

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INVESTING FOR BEGINNERS

By David O'Shea

This investment guide analyses in a practical way the basic principles of stockmarket investment, discusses the advantages of different categories of quoted investment, examines a whole range of related essentials such as the interpretation of company accounts, and gives an up-to-date review of relevant tax rules. An ideal guide for people new to the stockmarket, as well as experts.

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IN THE HIGH COURT OF JUSTICE
NO. 08229 of 1988
CHANCERY DIVISION
IN THE MATTER OF MAPPING & WEBB HOLDINGS LIMITED
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 24th October 1988 presented to His Majesty's High Court of Justice for the order for the reduction of the capital of the above-named Company from £2,800,000 to £1,170,000 by returning capital.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London, WC2A 2LL, on Monday the 28th day of November 1988.

ANY creditor or shareholder of the said company desiring to oppose the making of an Order for the reduction of the capital of the company should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

The attention of the 86 members of the Company named below, who are presently untraced, is drawn to the above:

Mr Barry Piller
George P. Francis
The News, John J. Goodwin
(Formerly of Patrick Goodwin)
Mrs Barbara J. Holmes
William J. Gibson
Mrs Lizette Victor
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NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated the 31st October 1988 confirming the calculation of the above-named account of the above-named Company was registered by the Registrar of Companies on 4th November 1988.

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Diversions

In the land below the wind

Richard Gourlay goes to Zamboanga and across the Sulu seas in search of pirates

AS THE 85-foot cutter pulled away from the coral coastline of Tawi-Tawi, bound for the open seas and Malaysia, our ancestors, at least, were going to be on our side. Forty or so Filipinos tossed handfuls of coins into the crystal waters and mumbled approvingly as I did the same.

"We are asking our forefathers' permission to leave and their protection from the pirates, the waves and the wind," the boatman said, setting his gaze on the horizon that he would scan for much of the 12-hour crossing to Sabah.

For years I had heard tales from the largely Moslem south-west Philippines, that were as unexpected as this marriage between Islam, animism and ancestor worship. Many stories came from Zamboanga, the last Christian town on a finger of land pointing at 300 miles of islands in the Sulu Seas.

Zamboanga seemed to teeter on the edge of a watery world full of derring-do. There was the slave trade that increased sharply when the British East India Company needed the Sultan of Sulu's help to supply its 19th century trade to China. There were the "pirate winds" each October that had carried tremors manned by 100 galley slaves as far west as the straits settlements of Malacca, Penang and Singapore.

These days there is the "barter trade" which, in a country that coyly refers to prostitutes as "hospitality girls" and graft as "facilitation", is just a euphemism for smuggling. Pirates still lurk in triangular lagoons. Novelist Joseph Conrad perhaps felt the "bewitching breath of the Eastern waters" in Sulu, and Gavin Young had meandered there with baggy-troused boatmen on a slow boat to China. It all pointed one way. Brim full of stories and a touch of the jingjams, I headed south in search of pirates, to the land below the wind across the Sulu seas.

The fastest crossing from the Philippines is on a pencil-thin boat that dashes the 100 miles to Sabah with cash and sneaks back loaded with Champion and Marlboro cigarettes. Malaysian coast guard patrols and pirates compete to catch these boats first. The largest and most seaworthy crossing is by 200-ton *kumpit* - outward bound from Zamboanga, a recognised barter port, with some dried coconut kernels. It returns laden with televisions, radios, and computers from Singapore and the free port of Labuan. Compared to these, my boatman Arul's 35-foot cutter, the *Sinandang*, was a solid, no-frills workhorse.

Arul's smuggling too was small beer. Literally. He was heading for Lahad Datu, a lumber town on Sabah's Darvel Bay, with \$2,000 worth of San Miguel beer and Coca-Cola. He might return with three Rifles, Chinese tools, Chinese tools, and second-hand clothes. According to the ways in Zamboanga, the coastguard's few patrol boats spend more time in port than at sea, lacking both fuel and the inclination to mix it with pirates and smugglers. Even if they tried harder, they are as helpless as the Spanish corsairs that tried to prevent Sulu pirates disrupting the gal-



Journalist Richard Gourlay took this picture on a smuggler's boat to Sabah

leon trade from Manila to Acaapulco 150 years ago. There is no special place for Arul's human cargo - mainly women and children returning to families in Sabah - just a precarious perch atop the beer. They could have been Vietnamese refugees who occasionally arrive in the Philippines. As Arul and the *Sinandang*

settled into a rhythm, he explained how hundreds of thousands of Filipinos had escaped to Sabah in the 1970s to avoid the separatist war with Manila in Sulu. "I was lucky. I did not want to join the Moros, because I did not want to fight the government, and I did not want to join the government, because I am from Jolo."

The turning point for many Filipino Moslems, like Arul, was 1974 when Moro rebels took over Jolo, the capital of the Sulu archipelago, triggering a full-scale naval and air bombardment that razed much of the town. It had been destroyed by Christian invaders from the north before. As Jolo's trading power grew in the early 19th century,

Spanish efforts to bring it under Madrid's yoke increased. Jolo built part of its trading power by taking slaves in raids on coastal villages from the northern Philippines to the Straits of Malacca in the west and Celebes and Borneo in the south.

The slave trade grew because the English started drinking less ale and more tea. As the British East India Company and merchants in Macao ran out of wares to trade with China as demand for tea grew, they turned to the Sulu Sultanate. In return for British guns, gunpowder and eventually opium, the Sultans supplied mother-of-pearl, shells, birds nests and sea slugs for the China trade.

Even after the Spanish sacked Jolo in 1851 and occupied it finally in 1878, beginning the Sultanate's long decline, slave raiders prowled the region, led by the notorious Balinging. The opium was sold directly to European traders. The British North Borneo Company arrived in 1881 to administer what is modern-day Sabah under a charter granted when Gladstone was the UK's Prime Minister.

However, until the last years of the 19th century, tribes and traders in Borneo waged the most improbable wars over sea slugs and birds nests. A few tarsilas, the folk tales passed on by word of mouth, still circulate from those times, usually involving very poor villagers doing very brave deeds. But many stories are dying. "Everything rotten should be hidden," explained Hadji Musa Malabong, a teacher from Sitangkai, a notorious pirates' lair. "It's almost as if the people want to forget their history of piracy because it redounds badly on Islam."

Jolo today is a town that has seen better days and knows it. Armoured personnel carriers cruise the streets sandwiched between bicycle rickshaws, and two new marine battalions have inexplicably been shipped in. But the Jolo which was at the centre of Moslem revolt in the early 70s, and is still home of the Moro National Liberation Front (MNLF), seemed to be on holiday. The nearest thing to religious fervour was a Christian pastor, recently converted to Islam, berating the "pig-eating, disco-goers" of the Christian Philippines before a crowd in front of the mosque. The gravest danger was from muscle cramps in "Heien's Lodge" where one had to adopt the position of a Sumo wrestler to use her unsavoury latrines.

Otherwise it was business as usual, much like a hundred other sleepy, two-storey Philippine towns. Everyone on the Marine chief to the coast guard seemed to carry a tennis racket. A man showed me the pirated Rod Stewart tapes for which his son hand-filled in colours on photocopied jacket covers. I ate giant prawns in spicy coconut milk washed down with iced-cold San Miguel.

Abu Amri Taddik, the MNLF liaison officer, was nonplussed by the new marine battalions and did not know the whereabouts of Nur Mis-

uari, the movement's chairman. He did know Misuari was not returning from the Middle East, contrary to speculative headlines in the Manila press. But there was, nevertheless, an edge in what he said, an echo of a formidable past and the fear that the two-year ceasefire with Manila is just an interlude. "All the countryside is controlled by the MNLF," he said. "You know, we were once a sovereign and independent people."

National boundaries have arrived relatively recently for people like Arul and go largely unnoticed. Trade between Malaysia and the Philippines existed centuries before Manila tried to exert its influence. "It's the common language, culture and the proximity of the two people," explained Ramon Jamusali, director of a Department of Finance bureau in Zamboanga. When Ferdinand Marcos, the former Philippine President, granted Moslems the right to duty-free barter trade with

and red lights twinkled distantly, but they belonged to night fishermen. We saw some distinctly unpiratical sights, like the Frontier Disco in Tawi Tawi. Sandwiched between two marine checkpoints, run by marines in a marine club, it was simply bursting with transvestites. A marine major, who used the profits from the transvestite, or *badaf* dances to buy medicines for his men, explained to me reasonably: "There are Christian *badafs* and there are Moslem *badafs*, but there are no marine *badafs* - I will hang them." Military propriety was maintained, however, by various official notices such as "No man-to-man dancing" and "A marine on duty has no friends." Lavatories were signed "ladies", "gents" and "*badafs*."

Frankly, no matter what shennigans go on in the Sulu Seas, however many pirates, cigarette smugglers or barter traders there are sending the rules, I was in the wrong place. The real pirates are in Manila. The latest fashion there is "chop-chop" smuggling, so-named because a car is sliced twice, packed in containers, shipped as spare parts and then welded back together. The country makes about 5,000 cars a year but registers more than 40,000. Then there is officially backed smuggling.

Since May, Jamusali's colleagues in the Economic Intelligence and Investigation Bureau have had at least three fully armed stand-offs with Police Chief Alfredo Lim's men. The issue: container loads of smuggled textiles that were escorted by armed guards from the harbour. Retired General Jose Almonte, bureau chief, thinks it is clear from where the fish stinks. "I have nothing personal against General Lim," he said, but handed me a 200-page report to the Senate in which he had written: "General Lim... is involved in the smuggling operations." He could not, however, repel boarders from the House of Representatives who have just voted to cut his annual budget to one peso. Then there are the half dozen ships that have been sequestered from Manila Bay and nearby ports in the last three years, "disappearing" into the South China Sea from under the noses of the coast guard, customs and port authorities.

"All this international piracy, sea-jacking, disappearing cargo, and technical smuggling seemed distastefully modern from the deck of the *Sinandang*. It was certainly a far cry from smuggled beer and the taciturn good nature of Arul and his fellow *transvestites*. As we crept towards the land below the wind, it was hard to believe the Malaysian patrols would take Arul's cargo of beer and people seriously. But he was playing the game. Screws barely turning and ears cocked, we slid into a darkened village on stilts where Bajao fishermen have started growing seaweed for commercial - and legal - export. Flying fish scuttled away from under the bow and we watched a pair of dolphins. We had not, however, run into any pirates. Arul watched nervously as green

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PHILIPPINES

Sabah in 1973, in an effort to buy allegiance as the Moro struggle intensified, it was a brilliant political move. It brought large numbers of Moslem rebels down from the hills and made a virtue of recognising a trade that would have continued anyway. It also created another institution that he could allow to be corrupted in return for political support.

Today, traders loading a cargo of electronics on to *kumpits* in Labuan say it takes \$10,000 in bribes to land a cargo in Zamboanga. And the value of this "barter"? Most people are delightfully vague. Deafening whistles say big Manila money and influential families now back the trade, even though control has moved to an agency under the Office of the President.

Such intrigue seemed rather distant as the *Sinandang* puttered sweetly across a listless sea. Mirages shimmered on the horizon. Passing real islands we slid past villages on stilts where Bajao fishermen have started growing seaweed for commercial - and legal - export. Flying fish scuttled away from under the bow and we watched a pair of dolphins. We had not, however, run into any pirates. Arul watched nervously as green

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Relics of the glory that was Rome

ONE OF the most extraordinary British relics of the Roman Empire has been opened to the public nearly 1900 years after its original occupants left - though a little worse for wear.

The remains of four military practice camps at Cawthorn, three miles north of Pickering, north York, are unique in Britain for illustrating the diverse ways Roman soldiers practised new camp-building and defensive techniques in preparation for campaigns. They are rivalled for significance only by similar remains at Masada in Israel. Like Masada, the camps at Cawthorn feature the various types of gateways and ramparts constructed by the Romans in the first century AD. The ditches

surrounding the camps are still sharply cut and the internal arrangements of the camps clearly evident.

Cawthorn was briefly popularised earlier this century by Sir Ian Richmond, the distinguished Romano-British archaeologist, who made a thorough excavation of the camps between 1923 and 1929. But after he left they were virtually abandoned to their fate, used by the Home Guard for mortar practice during the Second World War and, until recently, by a pleasant-looking syndicate. Although listed as a Scheduled Ancient Monument in 1953, it was only five years ago that the camps' international importance was acknowledged and an urgent restoration project launched.

The restoration was the initiative of the camps' owners, the North York Moors National Park, who bought the 40-acre site, along with 63 surrounding acres, from a private vendor for £15,000 in 1983.

"The site at that time was very neglected," says Bob Cartwright, the park's head of land management and Cawthorn project leader. The park has spent £30,000 over the last five years stabilising the site. Some 25,000 trees have been felled and acres of encroaching bracken have been sprayed in the hope that the red fescue, wavy hair grass and heath bedstraw below will take over. The park has licensed a local farmer to graze 50 sheep on the site to create a close grass sward.

Cawthorn's significance was only first realised by Richmond, who had served his apprenticeship under Sir Mortimer Wheeler at Segontium (Caerboron). His excavations revealed the camps to be made from turf and soil thrown up from the ditches - in contrast to Masada's stone - but he believed them to be no less important than the Israeli site.

Richmond decided that the first of the four camps, a curious coffin-shaped area probably designed for use by cavalry, was built circa 90 AD, during the period of comparative tranquility which followed ruthless campaigns by the Governor of Britain, Agricola.

This occupation would probably have been directed by the prefect's *castrorum* of the Ninth legion based 90 miles to the south-west in Eboracum (York). It would have involved one or two cohorts (450-900 men) hilling up to Cawthorn along a road which passed through Derwenton (Malton) and ended at a signal station on the coast north of Whitby. Once at the camp the soldiers would have been able to con-

centrate on training manoeuvres without fear of interference or attack, just as Hadrian's African army travelled deep into the desert to rehearse future battles.

The soldiers' principal work at Cawthorn would be to practice erecting a field camp under siege conditions. Each soldier would be responsible for building his own section of the camp's ramparts, some of which were as high as 20 feet, using only a mattock, a type of pick axe used for loosening soil. At the top of the ramparts

of a series of elevated turf platforms, raised above the wetter ground around them, which the legionnaires constructed as bases for their leather tents.

Richmond was convinced that the legionnaires at Cawthorn were entirely occupied in drill and in building the camps, and expected no danger. The fact that two of the four camps were abandoned unfinished suggested to him that the operations there had been nothing more than manoeuvres. In any event shortly after 100 AD the legion-

spears intertwined with leather thonging were driven into the ground for basic defence against sudden attack.

The site was occupied the second time, probably six to ten years later - certainly before the unrest at the end of Emperor Trajan's reign - by three cohorts of the Ninth Legion.

Richmond knew that the forces involved in both occupations were legionnaires because he discovered evidence of mountings for ballistae, weapons not issued at that time to auxiliary troops. He also identified barracks, officers' quarters, latrines and cooking pits. He was particularly excited by his discovery

of a series of elevated turf platforms, raised above the wetter ground around them, which the legionnaires constructed as bases for their leather tents.

Richmond was convinced that the legionnaires at Cawthorn were entirely occupied in drill and in building the camps, and expected no danger. The fact that two of the four camps were abandoned unfinished suggested to him that the operations there had been nothing more than manoeuvres. In any event shortly after 100 AD the legion-

spears packed and left the North Yorkshire scarp as mysteriously as the Ninth legion itself vanished without trace some decades later.

Cartwright has not ruled out the possibility of further archaeological excavations or a reconstruction of a corner of one of the four camps. "But that is a decision which will have to be taken at some time in the future," he says. "At the moment we're just concerned with securing and consolidating the site. We just don't know what will be the effect of large numbers of people coming here."

Nigel Burnham



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TRAVEL



The Seychelles' Esmeralda, the world's ridest, largest and heaviest tortoise... unless you know different

I HAD SO much trouble getting to the Seychelles (Weekend FT, October 29) that for a day or two I wandered in a daze, bumping into mango trees, stumbling over coconuts, but glad - at last - that my horrific journey (six hours door to door, with unspeakable delays at Gatwick, Frankfurt and Cairo) was finally at an end.

What eventually brought me to my senses, and wonderfully revived me, was that sweetest of joys, the subtle perfume of a rare gardenia - in this case Wright's gardenia, which clings to dear life on the island of Aride, which lies about 30 miles north of the main island of Mahé.

Flung like pearl flakes across 160,000 square miles of Indian Ocean, the 100 or so islands of the Seychelles are like a fragment of Noah's Ark: the home of about 80 unique plant species (plus 13 land birds) that have evolved unhindered over millions of years. The Seychelles are so isolated that one of their former British governors described their location as "a thousand miles outside the world." (Mombasa, about that distance westward, is the nearest continental landing point).

I would not like to spend a lifetime on Aride, for it is starkly short of comforts or pleasures. But that is the point. Partly surrounded by a coral reef and now owned by Christopher Cadbury, Aride is a nature bird reserve of the highest importance. It has enormous numbers of roseate tern and the common noddy, while the greater frigate bird and red-tailed tropic bird

He came in search of paradise and found...

nest there too, as do numerous other species. You cannot fly there, and because of the south-east trade winds the island is closed from May until October. So, at the right time of year, you get into a little boat, or even a big one - it takes two hours from Mahé, 45 minutes from Praslin - and watch the flying fish fly and hope that you will see dolphins. Once you reach Aride you transfer into a tiny landing craft, steered by a dreadlocked, gap-toothed youth, and crest a surge, riding the boiling surf like a party of avenging missionaries.

They get all sorts on Aride. About a month before my visit Michael Heseltine and his wife Anne stayed there briefly and were suitably impressed, writing in the visitors' book: "One of nature's treasures, now in good hands." The entry above theirs said: "C'est tres jolie!" The one below: "Fantastic!!!" As I was having my lunch another visitor, obviously English, carrying a shoulder bag which may have harboured a cordless phone, blundered past in a "Loadsamoney" t-shirt. The point about Aride is that it is the least interfered with, and therefore the most natural, of all the islands in the group, so that if you climb the 500ft to its summit and peer down the other side, what you

witness is a scene - completely untempered with - that is millions of years old.

Along the way, watch for Wright's gardenia, which strikes you as an unassuming shrub dotted with small flowers - until you

Michael Thompson-Noel visits the Seychelles

are told that it is the only gardenia native to the Seychelles, that it is only found on Aride, and that botanists estimate that the number of specimens is less than 1,200. Armed with that knowledge, I hovered over "my" gardenia with tender loving care, worried witless in case "Loadsamoney" should blunder past and fall on it. (He didn't).

The person who told me about Wright's gardenia was Gill Lewis, a British botanist who is working voluntarily on Aride. "It flowers once a month from October until May," said Gill. "This year, all the gardenia bushes came into flower simultaneously on October 16, ten days after a heavy rainstorm. By 5pm the island was drenched in perfume. It

is unusual to find something that is that rare and also exceedingly beautiful."

From Aride I returned to Praslin - an excellent island, the Seychelles' second largest and home of the fabled coco-de-mer - and caught a plane to Bird Island, a palm-covered coral strand about 70 miles north of Mahé which is visited each year by millions of sooty terns which breed and squabble as they always have. They are so numerous that on some days they darken the sky.

Bird Island is privately owned and is a splendid place to stay, so long as you can handle the huralities of nature. One afternoon, pottering about, I strayed into an enormous concentration of sooty terns and was appalled at the number of young birds that were clearly going to be too weak to leave their birthplace and wing out to sea.

One young bird was scrambling pitifully, having been rash enough to leave the shade. I picked it up and placed it beneath a tree. It stumbled into the sun again. I carried it back, but it would not stay still and conserve its strength. Then I looked around and saw many more lurching mindlessly, dooming themselves to death in the sun. Rats get some, the crabs get others, herding them into their horrible bur-

rows. On the other hand, the casualty rate this year was described as minor. Sometimes it must be terrible.

More positively, I made the acquaintance of Bird Island's most famous resident. She was asleep on the airstrip - a stumpy pose that seemed perfectly in keeping with her size and celebrity. She is simply enormous, and 150 years old - a giant land tortoise named Esmeralda who is regarded as the world's oldest, largest, heaviest living tortoise. I asked how Esmeralda spent her time, and was told: "Basically, she eats."

Everything they say about the Seychelles is true. It is an ideal holiday place, still remarkably unspoilt. And the Seychellois are among the most beautifully gentle people that there are.

Visas are not required, nor are vaccination certificates. The coolest and driest time of year is June-October, during the south-east trades; the hottest months are December-April. The islands are outside the cyclone belt. Languages: Creole, English, French.

Five cars should be booked in advance (UK licences are fine). Air Seychelles runs regular flights between Mahé and Praslin, Frigate, Bird Island and Denis, and between Praslin and Frigate.

Numerous UK travel agents feature the Seychelles. I travelled via Silk Cut For Away Holidays, which offers a starting price (one week) of £779 per person, bed and breakfast, and a week on Mahé plus a week's island-hopping at £1,456 per person (two weeks). Inquiries: Tel: 0730-65211.

Organising your own honeymoon

"A HONEYMOON," my new mother-in-law said severely, "is a once-in-a-lifetime holiday. Remember that, because if either of you think you may go on honeymoon again, with someone else, I'll shoot you both."

Fair warning. A once-in-a-lifetime holiday it was to be, then, with a price tag to match. I already knew our destination: Kenya and the Seychelles, both countries I had visited before, both tailor-made for honeymooning. Hang the expense, I thought, this should be a hum-dinger: a couple of safaris at least, lots of island-hopping in the Seychelles and the very best hotels all round.

At the travel agents they gently broke the news that a two-week trip with a somewhat average hotel in Nairobi, a not-very-exciting safari and six nights on only one island in the closest thing the Seychelles has to a Costa del Tourist hotel, would cost me in the region of £1,600 per person. Pushing the holiday to three weeks would take the bill to about £2,000 a head, and we would still see only one Seychellois island. I had to be helped to the door.

It wasn't the price I objected to. It just seemed an awful lot for a not-too-exciting itinerary. Clearly a new approach was called for. I decided, without telling my mother-in-law to construe a do-it-yourself, direct-booked honeymoon.

A quick call to a helpful London bucket-shop fixed up the air tickets: through Air Kenya, cost £640, daily flights to Nairobi from Heathrow, Nairobi/Seychelles and Seychelles/Nairobi every Sunday and Thursday. That was fine.

Next, the Kenyan leg. A letter to the Nairobi HQ of the United Touring Company, one of the largest safari operators, yielded a glossy catalogue with every conceivable safari/hotel option, but minus a UK operator's profit margin.

UTC owns several hotels in Kenya and has concessionary prices on others. We opted for a five-night, full-board trek to a game camp in the Masai Mara, a safari lodge in Amboseli (by Kilimanjaro) and a lodge in Tsavo West park - the best of Kenya in a nutshell - for £347 per person. I added a pre-safari, UTC-arranged night in Nairobi's best hotel, the Norfolk, for £33 per person, and we were up and running.

Next leg: a night in the luxurious Nairobi Safari Club (£40 per person through UTC), then a two-night, three-day mini-safari to the Outspan hotel, the legendary Treestops tree hotel and the Salient, a magni-

tinuous, wooded game park. Cost: £112 each. With another £30 each at the Norfolk for our last night in Kenya and about £30 per person for the (highly recommended) UTC-organised airport transfers, we were totalling £1,235 each for 10 nights in Kenya and the air fare.

Now for the Seychelles. I wrote to six small, upmarket hotels on three different islands, and finally opted for two nights at the Bougainville on Mahé (£50 b&b per person per night), two nights half board at L'Archipel on Praslin (£100 each per night) and three nights half board at La Digue Lodges on La Digue (£28 each per night).

Adding £40 for the inter-island flights brought the Seychelles bill to £604 per person, and the total to £1,839, while juggling the flight times for the trip back to London via Nairobi gave us an extra day and night in the Norfolk for £33 each.

This brought the grand total to £1,872 per person, for a total of 21 days away (including flying time), with four nights in Nairobi, seven nights on safari, seven nights on three different islands and the best hotels in both countries. Using less select hotels in the Seychelles would have cut the bill considerably.

And it worked. The flights left on time, the safaris were wonderful (although Treestops is my favourite) and overrated, the Seychelles were beautiful (especially the snorkelling, while L'Archipel is the best hotel I have stayed in), and even the airport transfers were efficient.

Most travel agents could put together a decent Kenya-Seychelles package - for several hundred pounds more - but doing it our way we got three islands, two safaris, very much better hotels, inter-island flights and a self-arranged itinerary. It gave us great satisfaction to put together a truly personal holiday, and took no more than a few airmail stamps to arrange.

ADDRESSES: United Touring Company, International House, Maria Ngira Street, Nairobi, Kenya. Seychelles Tourist Board, 50, Conduit Street, London W1. 01-439-9699. Hotel Bougainville, PO Box 378, Mahé, Seychelles. L'Archipel Hotel, Anse Gouvernment, Praslin, Seychelles. La Digue Island Lodges, Anse La Reunion, La Digue, Seychelles. Air tickets: available through Travelfinders (01-937-9631) or similar; high season (Dec-Feb) £622; low season 5665.

Andrew Anderson

First, find your oast house and tastefully convert it

Roger Beard takes a gîte in Volvo heartland, West Sussex

ONE NIGHT recently I slept in a byre, disturbed only by goats, donkeys, sheep, geese and ducks, 50 miles from London in the commuter heartland of West Sussex, where Volvo mates with Volvo.

It was, of course, no lowly cattle shed but an imaginative conversion of a redundant building by the farm owners, and about as removed from a nativity play as Brown's Hotel is from Bethlehem. There was soap in the bathroom, clean towels and bed linen, colour television, a high tech music centre, even a welcoming carafe of Muscadet, all be it in a Paul Masson bottle.

Fishers Farm at Wisborough Green is the latest example of a new trend in British self-catering holidays, and a spirited attempt to cast off the image of tired mattresses, clumped out furniture and redundant holiday camps which still besets this sector of the holiday business.

Taking their cue from the runaway success of Gîtes de France and aggressive marketing by tourist offices from Barcelona to Budapest, and aided by cash grants from the English Tourist Board, a small band of rural property owners is going determinedly up market.

And no more so than in south east England, where the harmony of compact villages and small fields, plus speedy access to London, makes the region a sure-fire attraction to foreign tourists.

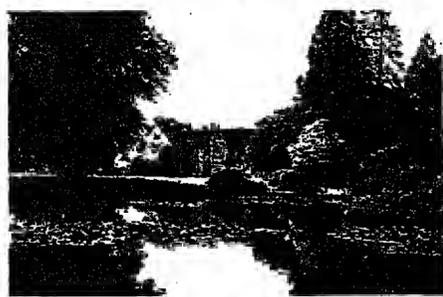
The recipe is a simple one. You take your oast house, or in this case cow shed, leave alone as many of the original features as is practical, and convert it into compact, luxury units with all the room facilities - barring phone - of an international hotel.

The secret ingredient is location. Guests must have access not just to shops and places to visit, but also to restaurants. One of the bull points of the French self-catering experience is largely that you don't self-cater, provided there is an eating place which will still accept your credit card. Through the food in West Sussex is more cordon gris than bicu, there are still enough places to feed the inner man.

And in a county where Porsche concessions probably outnumber ploughmen, visitors must also feel that they are truly in the country and not at

a green welly convention. Farms, after all, mean animals: hence the Muscovy ducks and assorted mammals at Fishers Farm.

West Sussex is lucky. The names are familiar from any railway terminus departure board, but it is still farming country, centred round the twin jewels in the Sussex crown - the Weald and the South Downs. And unlike its East Sussex neighbour, even after the Great Gale it still treasures acre on acre of ancient forest.



Wakehurst Place, Sussex, a National Trust Property

Turn left off the busy A23 at Billingshurst to Shipley and you are entering Hilaire Belloc's beloved "south country."

He grew up on the Downs at Slindon, lived here in the Sussex Weald from the age of 36 to his death in 1933, and his grave is at West Grinstead, close to where an earlier and better poet wrote *The Rape of the Lock*.

It was Slindon which turned this wry Anglo-Frenchman into an amateur of the south country, with its hills, beech forests and breezes. Not much can have changed since Belloc's childhood. The 17th century flint cottages are still here, as are the views over the Downs to the Channel, protected by the National Trust's 3,500-acre Slindon estate.

It was inland to Shipley that he returned from London in 1906, buying King's Land House, and the adjacent windmill the largest in Sussex and now restored as a fitting memorial to this eccentric man of letters who used to raise his hat to it on his daily walk.

Amberley is the best: carefully conserved, genteel, a patchwork of cottage gardens with no two houses the same, a ruined castle, and a glorious church - at least from the inside.

Which brings us to Arundel, which is quite a different matter. Its setting on a wide sweep of the Arun is magnificent, but its castle remains a monument to 19th century vandalism. With no apologies to the present Duke of Norfolk's forebears, its "restoration" achieved the impossible by effectively obliterating what remained of its mediaeval aspect. Cromwell caused considerable damage, and those later Norfolkts completed it.

Tourists reared on Disneyland find the great pile comfortably familiar, and there is real history behind the facade. But seen at sunset from the river bank, its silhouette has all the charm of a Victorian sanatorium. There is not much more to be said for the other monument to the 15th Duke, the Cathedral of Our Lady and Sir Philip Howard, which

looms on a hill to the west of the castle. But the Arun here redeems it all, with its flood meadows and fast flowing waters, and the Arundel Wildfowl Trust: 60 acres of the most accessible of the wild fowl reserves founded by Sir Peter Scott. Its walkways and carefully constructed hides make for easy observation of the permanent collection of 1,000 species.

You cannot leave the area without at least looking over the walls of the area's greatest art collection, particularly its Turners. It completely dominates the small, unspoilt town running alongside the boundary wall.

Where much of Arundel's older buildings lie behind 18th century facades, here there are fine 16th and 17th century houses in what is a splendid little place.

Even better is the Weald and Downland Open Air Museum at Singleton, with its collection of 30 historic buildings, rescued with great foresight from all over the county and re-erected here. At Singleton you are back in time, with the charcoal burners and water mills of a lost life.

Fishers Farm, Wisborough Green, near Billingshurst, West Sussex (Tel: 0403-700279), is one of several converted properties featured in *Blakes Country Cottages* current brochure, and prices for a three-night off-season break range from £81 to £113. Owners Tim and Trina Rollings accept direct bookings. Alternatively, for this and other Blakes "Blakeaway" offers, phone 06063-3226 for brochure, or 06063-3917 for bookings.

Quite the best series of guide books to British regions is the Ordnance Survey leisure guides, published jointly by Ordnance Survey and the AA at £3.95. In full colour, they feature relevant maps, place descriptions, walks and car tours, with a fresh approach that puts the Green Michelin guides in the shade. The relevant volume for West Sussex is South Downs.

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION: IN THE MATTER OF TACKLE PUBLIC LIMITED COMPANY and IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 2nd November 1988 presented to the Honorable Mr Justice Millett for the confirmation of the appointment of the Shareholders' Liquidator of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honorable Mr Justice Millett at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 28th day of November 1988.

Any Creditors or Shareholders of the said Company desiring to oppose the making of an Order for the confirmation of the appointment of the Shareholders' Liquidator should apply to the Court in writing, in person or by Counsel for the purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the reasonable charges for the same.

DATED this 17th day of November 1988

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MOTORING

This Citroen has surely got the lot

Stuart Marshall waxes lyrical over his 'ideal' motor car



The Citroen BX19RD estate, which has become Britain's best-selling diesel car

A YEAR AGO, I replaced my three-year-old Peugeot 305 GRD estate with a Citroen BX19RD estate. The two cars could hardly look more different but their 1.9-litre diesel engines and five-speed manual transmissions are pretty much the same. The Citroen's engine is a little more powerful, with 71 bhp against the 305's 65 bhp.

The BX, which has become Britain's best-selling diesel car, cruises on the motorway as though petrol-engined at the tolerated 90 mph (128 km/h) and is no noisier at an indicated 90 mph (145 km/h). Only when the diesel engine "bleats" creeps toward 100 mph (161 km/h) on a downgrade does the engine make a deep, baritone hum.

Clearly, the Citroen's aerodynamics are better because my fuel consumption over the year has averaged 45.56 mpg (6.06 litres/100 kms) compared with the Peugeot's 44.5 mpg (6.34 l/100kms). Its best was 54.8 mpg (5.15 litres/100kms) on a long, leisurely, non-motorway trip and its worst was 42.75 mpg (6.61 litres/100kms).

The suspension is marvellous. The BX rides over sleeping policemen as though they were not there and floats in a well-damped way, along undulating main roads. There is more thump when a tyre hits a pothole than there was in the Peugeot, but the Citroen suspension has the great advantage of self-levelling. However much you put in the back, it never suffers from duck's disease.

I can't recall the details of that but I must have been going somewhere in a hurry because the diesel's economy advantages are always diminished when you are driving really hard. Conversely, a diesel sithes in conditions which give a petrol engine a terrible thirst (as, for example, when you are making lots of short runs with cold starts).

Moving a small lever between the seats pumps the suspension up a couple of inches. That is a boon when driving on a rough farm road. You are less likely to get stuck in mud and it keeps the exhaust system out of harm's way.

ture and junk, but it never fails to start first turn of the key. Like all diesels, it can be driven off at once without hesitation. The only time it has been under cover was for its 5,000-mile (8,000 km) service, which cost £17.40 plus five litres of oil (I supplied my own). Absolutely nothing has gone wrong with it although the horn now has a frog in its throat.

The seats, which felt a bit firm after the lovely squashy ones in my Peugeot, now seem agreeably soft compared with the unyielding upholstery of most other cars I drive. The power steering makes parking and town driving so effortless

that I have vowed never to have another car without it. It was my first car with central locking and electric front windows; these, too, will always be on my future list of essentials. Other points of which I approve are the ease of refuelling (the filler cap is actually a rubber bung attached to the lockable flap) and the uncultured, rectangular load space. It swallows two sets of golf clubs attached to their trolleys with room to spare.

Snags? None to speak of, really. The high line of the rear window (and the BX's tendency to cock up its tail for a few seconds when you start reversing) make for occasional awkwardness when backing up a strange and curving drive at night. A little more sound-deadening material (like the Acoustikit pads that can work wonders in quietening noisy off-road machines) would be welcome if it made the doors close with a clunk, not a clang.

I have got used to the single wiper blade and approve of the way it dispenses screen-washer fluid directly on the glass. And while the interior is a bit, well, plastic, the pale blue-grey cloth seats and carpets, which I had treated with Scotchgard, clean up like new.

Would I have another? Without hesitation. I could be tempted into the turbo-diesel model although the performance of the 1.9-litre, naturally-aspirated engine is perfectly adequate. And who wants to challenge the reps in their Cavalier Ls at the traffic lights, anyway?

I have got Citroen decides to offer the BX diesel estate with the permanent four-wheel drive transmission unveiled at the Paris motor show. Turbo-charged or not, it could be my ideal motor car. I suspect it might be, too, for a lot of people who now buy vehicles that are less comfortable and economical for occasional off-road use.

Fiat's Tipo leads the pack in Car of Year chase

AS THE DERBY is to the racing fraternity, so is the European Car of the Year contest to the motor manufacturers. It is the Big One. Immense prestige and commercial benefits hang on the result.

It is dominated by seven European: Alfa Romeo 164, BMW 5-Series, Fiat Tipo, Vauxhall Cavalier (called the Opel Vectra outside the UK), Renault 19, Volvo 440 and Volkswagen Passat. Any one of them would have been good enough to take last year's award (or, at least, give the winner a hard time).

The five other runners are Japanese: Honda Civic, Mazda 121, Mitsubishi Lancer and Galant, and Toyota Carina. All must be rated outsiders at best, no-hopers at worst. They are worthy cars but none is so outstanding as to have

a ghost of a chance of winning a European Car of the Year award. (Can you imagine how good a European car would have to be to win the equivalent competition in Japan?)

The lobbying has been as intense as ever this year. The manufacturers have ensured that the jury of 57 - all European motoring journalists, seven of them British - had every facility to drive the cars. The jury members have considered their verdicts and their votes went in yesterday. The winner will be announced in the middle of next month.

As I am not a jurymen, I am free to anticipate the result. My money would on the Fiat Tipo as Car of the Year 1989. I think it probably will win by a short head from the Renault 19. But these two will, I suspect, be followed by four others, bunched together as they pass the post: the Alfa Romeo 164, BMW 5-Series, Vauxhall Cavalier and VW Passat. The Volvo 440 will trail a little way behind them, but will probably be ahead of most, if not all, of the Japanese entrants. As always, national loyalties

and personal prejudices have to be taken into account; after all, the 57 men and women of the jury are only human. Some of the markings (always published in full) reflect what seem to me to be bizarre, even perverse, opinions. And I dare say that if the Honda Civic were a European product, it could well be in the running for the award.

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COLLECTING

Urgent need for quality control

Antony Thorncroft on the profusion of antique fairs

THERE ARE too many antique fairs. Once these were important occasions, producing a buzz of excitement among dealers and collectors. Now they pour forth in bewildering profusion, some maintaining the traditional standards and selling only genuine 100-year-old antiques, while others blur both the date and the authenticity of the goods. There are specialist fairs and there are international fairs covering vast areas of space. There is an urgent need for quality control.

The British Antique Dealers Association is preparing to confront the problem and in time will probably bestow its approval on the most reputable gatherings. Until then the fairs will proliferate because, up until now, the dealers wanted them.

The past year has not been good for the antique trader: there is nothing more debilitating than sitting in a shop waiting for non-existent customers. Traditionally, fairs have been a marvellous way of meeting new buyers and disposing, in a few days, of stock which back at home base might take months to shift.

They also provide an outlet for those dealers who have been forced, by rising rents and rates, to operate from home, and opportunities before the punters are let in, for the dealers to buy increasingly scarce quality stock from their less knowledgeable colleagues. So keen were dealers to attend fairs, and so restricted the supply of accommodation, that waiting lists developed. This was especially true at the very top, at the Grosvenor House Fair, and ambitious foreign dealers set up shop in London partly to get the chance to attend Grosvenor House.

Now some of the ships has

gone off fairs. Ferneyhough Antiques, of Henley-in-Arden, is an example of the good traditional provincial dealer, specialising in pre-1850 furniture, and its experience is typical. It says: "A few years ago 80 per cent of dealers did well at fairs and 20 per cent broke even. Now 30 per cent do well and 70 per cent break even. It probably costs us £5,000 to attend a fair which means that we have to sell up to £40,000 worth of antiques before we cover our costs. This is getting harder to do, and so next year we are cutting back and being more selective, sticking to the well established fairs, like the Harrogate and the NEC in Birmingham, and Olympia."

The City of London Fairs, which open at the Barbican on Tuesday and run until Sunday, are rather different from the other new fairs which have emerged in recent years, both in their size and in their pretensions.

The organisers are bold enough to draw comparisons with the Maastricht Fair but that event, at the crossroads of the continent, draws in dealers from many European countries while, to date, the City fair appeals mainly to regional dealers who like the idea of selling to City types. And with good reason.

In the last year a small but increasing proportion of the money made in the City from the booming economy, has found its way into antiques, and this year, by holding an art fair alongside the antiques fair, the attendance should exceed the 10,000 visitors at the initial event in 1987. Most of the exhibitors have returned, and, learning from last year's experience, the fair will remain open later, until 9pm, to mop up the most job conscientious



Picasso's *Acrobate et jeune Arlequin*, expected to fetch £10m at a Christie's auction in London on November 28 - but this may be a cautious estimate

bankers and brokers. Some dealers are deterred by the thought of competing with almost 250 of their rivals; but the vast range of goods on offer will provide a cornucopia of choice, with the oak furniture of Cedar Antiques of Hartley Wintney, nestling alongside the early English pottery of Elias Clark; the contemporary paintings of Susan Rotting fighting for attention with Colnaghi's

Old Masters. One dealer, Adams Antiques, which specialises in Meissen porcelain, will be using the Fair to maintain a London presence following its recent removal to Moreton-in-Marsh while another, Mistral, is exhibiting at a fair for the first time on the back of opening last week in Dover Street in Mayfair after a successful 18 months trading in Westerham.

John Hutchinson quit the City to set up Mistral and has built up a loyal following among his old associates for his decorative 19th and early 20th century paintings of all schools, which he sets off with period furniture and ceramics. Its Barbican location justifies the existence of the City fair, but many of the routine events of recent months have failed to justify the hopes of

the participants and by next year the boom in fairs could have peaked.

There will always be room for the most prestigious, which draw in foreign buyers, and there are hopes that the Burlington, which has lost its bi-annual spot at the Royal Academy, will be held next year in a new venue, perhaps the Royal College of Art.

But fairs have become the supermarkets of the business and now threaten to kill off the corner shop, the specialist dealer who serviced a regular clientele. And, like supermarkets, the competition between them will kill off the poorly organised and the intellectually spurious.

Sotheby's and Christie's in New York have been holding an unprecedented string of auctions, with prices for contemporary paintings in particular taking a significant leap forward.

Now London is picking up the baton. The top price is likely to be paid at Christie's on November 28 when *Acrobate et jeune Arlequin* by Picasso comes under the hammer with a £10m estimate, which now looks very cautious.

Before then, on Friday, Christie's will be offering two famous nudes - Alma Tadema's "A sculptor's model" painted in 1878, and Poynter's "The cave of the storm nymphs" of 1903. The former aroused controversy in its day with the Bishop of Carlisle finding it "somewhat if not very mischievous." He particularly objected to the artist closely examining the left buttock of his model.

The painting belonged to the British Ambassador in Norway and was believed to have been lost during the Second World War but it was discovered in 1980 in the storeroom of the National Gallery in Oslo and is expected to sell for up to £350,000.

To contemporary eyes Poynter's fleshy sea sirens frolicking in a cave while ships break up around them are more lascivious but by the time it was painted it seemed almost antiquated. It has its modern admirers and sold at auction a few years ago for a hefty £203,500, almost a record for a "Victorian" painting and should more than double that this time around.

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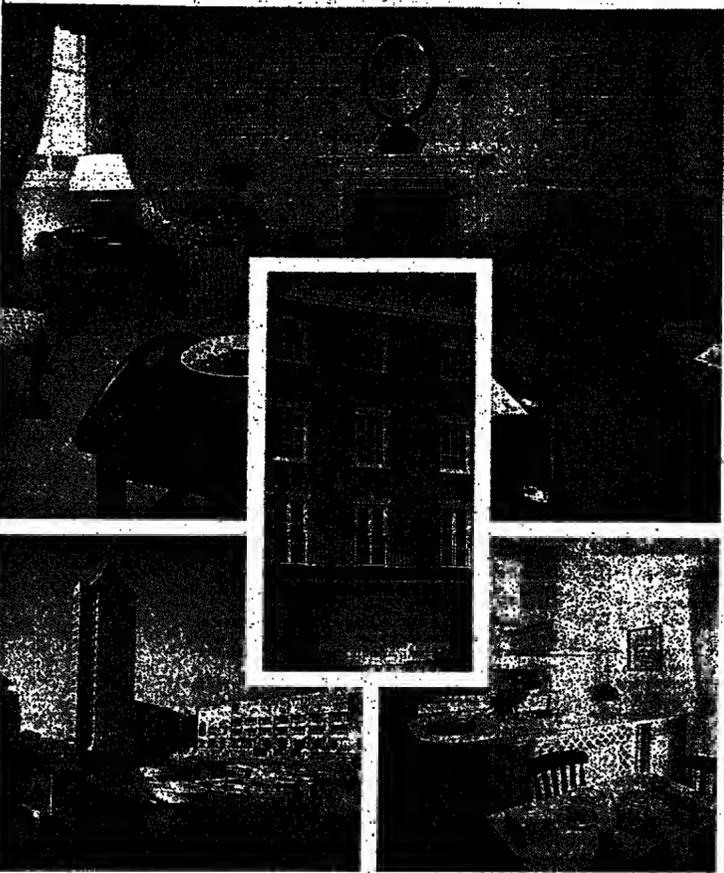
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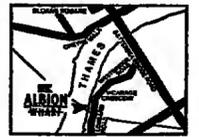


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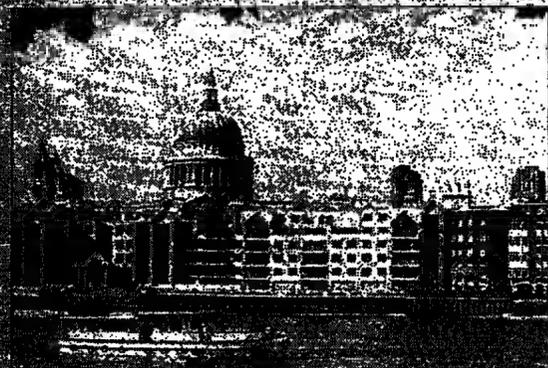


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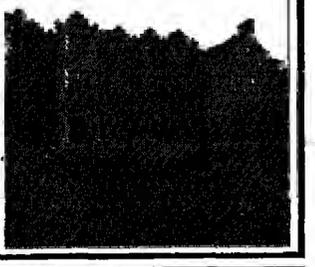
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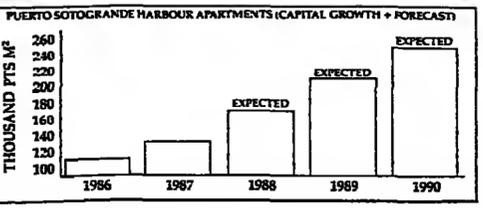
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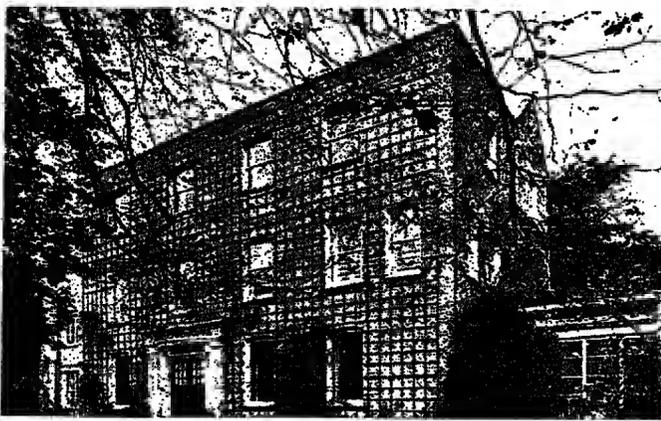
FT4



PROPERTY

Homes on the Heath

HAMPSTEAD agent Goldschmidt & Howland has been celebrating its centenary this year, and in dusting off some of its records it notes that when it first opened for business in 1888, you could have rented one of the vast, newly-built mansions on the edges of Hampstead Village for £300 a year. By the end of the last war those same - and by then largely dilapidated - houses were being crudely sub-divided into rental flats.



Byron Cottage, with garden linked to Hampstead Heath, sold for just under £2.5m

entirely escaped the autumn slowdown. Seven there are still plenty of buyers in the market, with the 10-bedroom Byron Cottage at North End Avenue, with its 1.2 acres of garden linked directly to the Heath, having sold in the last few weeks for just under £2.5m.

John Brennan

GIBRALTAR'S famous

Barbary apes are the symbol of UK sovereignty over the Rock. Legend warns that when the apes go, so will the British. However, there seems little danger of that: the apes are increasing in numbers - and so are the arrivals from the Old Country.

As rare as gold on the Rock

Cheryl Taylor looks at the housing shortage in Gibraltar

city of property, it is an excellent investment. Gibraltar is not just bricks and mortar. There is no capital gains or property taxes and no death duties. Exempt companies can be registered for a fee of £225 and do not have to pay local taxes for a guaranteed 25-year period. There are no exchange controls; no double taxation agreements with any other country; and strict banking secrecy.

market is experiencing greater activity than ever before. New developments are starting to come on stream and local Gibraltarians are trading up. The demand for residential property is rising as numbers grow, but the main demand is for office space. Indeed, the demand for commercial premises threatens to outstrip the supply. Rents have doubled as more and more companies try to squeeze into the existing space which now costs as much as £16 a sq ft per year (not including rates) plus "key money".

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GARDENING

Put a bright new face on shady places

Those nooks and crannies overshadowed by trees need not be so gloomy, says Robin Lane Fox

NO SOONER are the leaves off the trees than it looks inviting to plant beneath them. Gaps open, the light falls in odd places and it is easy to feel that tree roots are no obstacle. It is even easier to put a new planter in the wrong place during the next few months. We forget that bare trees do block the light for most of the year and we plant too optimistically.

Nonetheless, there is scope for skill. Shaded garden areas into various gradations: wall shade, tree shade, northerly shade and wet shade, to say nothing of shade from a local overhang (perhaps the house next door). The best book on the subject is still the late Margery Fish's *Gardening in the Shade*, reissued recently by Faber in a paperback edition. Like most missionary books, it is rather optimistic and, like many of the author's works, it struggles into lists of names. However, she does speak from experience. The shaded areas of her famous garden at East Lambrooke Manor, Somerset, were the most interesting of her achievements.

She knew her plants thoroughly, and is still full of accurate ideas. As a general ruling, I would say that

most veronicas do best in sun, but there are several which grow well round trees. She chooses the pale blue veronica *Exaltata* and the white or blue *Virginica*. Far from using these tall forms under trees, we have almost lost them from our nursery catalogues. They need staking to a height of 5ft but I still have them both, thanks to her book, and recommend them strongly.

You will never grow anything, let alone veronicas, if you confuse gardening in the shade with gardening in the dark. Nothing worthwhile will grow where there is no light, but a few good things will grow where there is not much light, the best being the hardy cyclamen which will flourish in dry places between tree roots.

In the shade, we have to build up the soil with leaf mould or manure: there might be only one access to the garden but polythene dustbin liners are reliable containers for horse manure, even across a good carpet. Having fed the ground, we must also keep it open. Margery Fish wrote about the problem of impacted soil in shaded places which needs to be spiced and loosened with a fork to help its plants. Her advice is often forgotten.

The main principles, I think, are to work with the seasons and not to multiply choices. From now until April, you have light beneath trees and can exploit it. Early-flowering bulbs are obvious candidates because they like to be dry by the time the leaves return. I recommend scillas, crocus, crocuzilla, various wood anemones (especially *memorosa*) and a great fish favourite, the blue and white scilla *bergensiana*. In time, these bulbs multiply beautifully and can cope with a summer of thick shade cast by a horse chestnut.

As shrubs between them, I would always try the primrose bell-flowered *conylophus paniculata*, which succeeds in surprising places and is happiest with a little lime and shelter from hard frost. Under the light shade of hazels or alders, the classic under-planting is a mixed profusion of bellflowers. Under thicker trees, they are not so happy. In those sites, I have had great success with the Japanese ornamental quinces which we otherwise train up a wall. Under tall trees, they grow naturally into shrubs, flower in brilliant reds and whites before the leaves obscure them, and enjoy a hard pruning when the canopy takes over their light.

Limitation was never a Margery Fish principle. She crammed one of almost anything into a shaded place and left you to wonder where the wilderness stopped. Under trees, I disagree. The eye prefers the continuity of a carpet of single under-planting, sweeping away like a self-sown wild subject. Again, I suggest spring-flowering plants before the shades lengthen. My particular favourite, and here, is the plain old London Pride (*saxifraga umbrosa*) which, wrongly, is despised because we see it so often in unplanned front gardens. In a big mass, its pinkish-white flowers make an enchanting carpet, while its fleshy leaves put up with dry soil. Anyone can grow it and multiply it by pulling pieces off a friend's plant.

Blue-eyed Mary (*omphalodes*) is a handsome companion and I would add the unstoppable ice-pink geranium *andrieuxii* for summer cover. This wonderful plant is contained in every book by Margery Fish and I have never found any other form of hardy geranium so reliable in difficult places. It flowers for months. Imaginatively, she also suggested the blue and white tradescantias. They are untidy

plants in a border but they will flower under tall trees. We tried them last year and they worked.

The best family, I think, is now rapidly on the way up. Twenty years ago, nobody cared much for pulmonarias. They had coarse leaves; they looked a mess after flowering; one of their popular names was Spotted Dog. Since then, various named forms have slipped back onto the market. Even Margery Fish never lived to see them, but there is now a wonderful deep Eighdown Blue (my favourite, from Blooms of Brestingham), reds, pinks and a Stingshooter White.

Under trees, or in dark London corners, these better forms are outstandingly good. After flowering, I slash off their leaves and make them sprout again to look fresh and tidy. They block out weeds; they grow in dry or damp conditions; and flower spectacularly in April before the trees take over. I have even run them over, by raking a car in the corner of a good hedge. It was bruised into a wretched pulp but it soon rebounded, grew away happily and has never looked back since. Life under trees is never easy, but it is as nothing to life beneath the back axis.

regeneration hastened. The knowledge is there. What is essential is that the woodmen and the timber merchants (and all who rely on their trade) are convinced that it is in their financial interest to see that the destruction stops, and that the Amazonian forests are managed as the endlessly renewable natural resource which, clearly, they can be.

A Margaret Mee Amazon tree is being incorporated with the aim of advancing botanical education in Britain and throughout the world, with special emphasis on the ecology of Amazonia. That is a step in the right direction, for it is intelligent understanding of the problems and their solution that is needed urgently. This trust should be supported. Mee's wonderful botanical paintings should be acquired for the Royal Botanic Gardens, Kew, and everyone concerned about the preservation of the rain forests should buy *In Search of the Trees of the Amazon*. Forests since it is a thrilling story of courage and adventure illustrated with her own paintings and sketches. Mee's exhibition in the Kew Gardens Gallery is open until March 31. The beautifully produced and informative catalogue costs \$4.95.

Guardian of the rain forests

Arthur Hellyer meets artist and ecological watchdog Margaret Mee

IMET Margaret Mee the other day in the recently opened Kew Gardens Gallery beside Kew Green in west London and was astonished by the apparent fragility of this brave artist who is famous for her expeditions into Amazonia to study wild flowers and paint them as they grow.

She has just completed her 15th journey into the forest there and last May spent her 79th birthday searching for a flower that had eluded her previously. It belongs to a strange cactus that grows on the trunks of trees in forests flooded naturally by rising water, and its peculiarity is that it opens for only one night, has faded by the dawn and might not even appear every year.

Mee had painted the plant twice before, once when the seed pods had formed and once the day after flowering when the slender-petalled, sweetly-scented white flowers already were withered. This time she got it right, and describes how she watched spellbound as the first petal in the bud began to move and then another and another as the whole flower burst into life.

top of the small craft in which she and her companions had travelled, aware that a clumsy move might tip them all into the water. The torch had to be dimmed because it was slowing the opening of the flowers, but the full moon helped her complete her task before the dawn. The following day, she was able to paint in the strangely beautiful plant which had produced these even stranger and more lovely flowers.

Mee has been painting since she was a child but it was only at the age of 47, when she had lived in Brazil for four years, that she made her first trip to Amazonia. She packed her clothes and her painting equipment into a rucksack and added a revolver, although she does not say if she knew how to use it.

She has made 14 expeditions since then and completed more than 400 folio paintings in gouache of the plants she discovered. Some of those plants already are extinct, and that sad fact is at the heart of the



It is a familiar and much-publicised story. Yet, talking with the Mee, it came alive to me in a new way and I began to understand some of the subtleties of the situation that had escaped me previously. At the bottom of it are ignorance and greed, but I believe the solution also will come from self-interest rather than from sentiment. The trees are being felled because of an insatiable demand for hardwoods. Forests also are being burned in the false belief that the land can then be used for cattle to provide beef for hamburgers; and yet more trees are being felled by dams which are proving useless since the reservoirs they create are too shallow. There is also water pollution by mercury used by gold washers, many of whom are criminals.

While the latter can be stopped only by the law, it is in the long-term interests of all serious industrialists to halt and reverse everything else. The fertility of much of the

Amazonian land is very fragile: a thin top covering of humus over infertile clay. The trees and shrubs are evergreen, and so the fall of leaves and consequent replenishment of the topsoil is continuous. Fertility depends entirely on this cycle being maintained.

The trees anchor themselves in the clay with strong roots, but feed in the topsoil by means of a mass of fibrous roots which bind the humus together. If felling or burning proceeds too rapidly this fibrous bond decays and the humus is washed or blown away. This kind of land will always be useless for farming since it depends on trees for both its stability and fertility. Mature trees are for felling — as they are in all forests since, if left, they will die eventually. The essential thing is to do the felling in an ordered and rational way.

It is possible to plan this so that seed production of desirable species actually is increased and their natural

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GARDENING

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BOOKS

This week's page is devoted to reviews with Christmas in mind

I say, you chaps!

Yoiks! Yaroo! Alan Forrest swots up on the man behind the Fat Owl of Greyfriars and other tales

THERE WAS once a certain house in Ealing, now demolished, but somewhere there's a blue plaque in the shopping centre that replaced it. Even living a mile or two east in Shepherds Bush and never having seen the plaque, I regard it as a great chunk of my yesterdays. It was the house where Charles Hamilton was born, and that's where the story really begins.

Back in the 1930s and many years before, boys grew up looking forward to at least two golden days every week. They were Wednesday, when you got *The Gem*, recording the adventures of Tom Merry and Co. at St. James's School (St Jim's, as we knew it) and Saturday, better still, when *The Magnet* reached the newsagents. *The Magnet* contained ripping tales of Harry Wharton and Co. at Greyfriars and Billy Bunter, the fat, mendacious, tuck-purloining, perpetually-kicked and caned rotter who more often than not came up roses at the end of a 24,000-word story which offered the benefits of a public school education to a readership that would probably get no nearer to this goal than a municipal grammar school.

FRANK RICHARDS: THE CHAP BEHIND THE CHUMS
by Mary Cadogan
Viking £14.95, 258 pages

chase Richards and Clifford as his main targets and didn't believe that they existed as one person. There must be a team of writers, he implied, because no one man could churn the stories out like that.

Orwell didn't know that Hamilton-Richards-Clifford was also Owen Conquest and Hilda Richards, who wrote for a girls' weekly called *School Friend*. Hilda had invented Bessie, a sister to Billy Bunter, at a fictional Cliff House School. Marjorie Hazledean, another of the Cliff House girls, had a scapegrace brother at Greyfriars and was adored by Bob Cherry, another Greyfriars man. "I



Billy Bunter: still waiting for a postal order from Aunty?

know what an ass I am, Harry, but what a ripping girl she is." All this enabled Richards occasionally to write a story which involved both schools, and one wonders why Orwell got so cross about the absence of sex in boys' weeklies.

When *Magnet* and *Gem* folded and his regular cheque from Amalgamated Press stopped in World War Two, he found himself hard-up through the war, but was rescued afterwards by the boom in the Bunter stories and the chance to write about other schools and other fat boys.

He died in 1961, aged 85. He was a literary phenomenon, and still a TV success, but he is too busy enjoying it to notice. He is horrible to his wives and has nothing of value to say about anything at all, least of all acting. Co-written with Marie Cameron, his story is nonetheless vigorously told and he sounds like wonderful company in short bursts.

The more navel-contemplating author's book is delightfully parodied in *I, An Actor* by Nicholas Craig (Pavilion, £12.95, 144 pages). Craig, aka Nigel Plamer, keeps a diary of his rehearsals for *Dogs*, a new piece in the Cottesloe. "Bill has used the whole of this week to work on barks and yelps. It's risky, but I think it will pay off."

"Screw the gerund and save the whale" declared a greenish character in Tom Stoppard's *The Real Thing*. Good writing and good intentions need not always be at loggerheads, as is proved by one of my favourite books, *Blind in One Ear*, told and dramatised by the poet and dramatist Heathcote Williams (Jonathan Cape, £15.00, 191 pages). A magnificent poem and superb photographs of Levis than in all his glory and humiliation are supplemented with a selection of scientific and biological information. "From space, the planet is blue. From space the planet is the territory. Not of humans, but of the whale." Have the time of a whale this Christmas.

Michael Coveney

never went to a school even remotely similar to the ones he made his living writing about. His father, a heavy drinker, died when Charles was seven and Charles attended private day schools in Ealing and Chiswick. When he left school he was tutored privately in Latin and Italian. He often said in later life that he would have liked to have been a classical scholar and his memorabilia includes Latin versions of Gilbert and Sullivan and even a Billy Bunter story in Latin which appeared in *The Times Educational Supplement*.

He bought his first Remington typewriter in 1900, never learned to touch-type and turned out his *Magnet* and *Gem* stories on it from the start of the 20th century until the early days of World War Two. Writing 1 1/2m words a year, he invented Billy Bunter as a minor character - based, some say, on the Fat Boy in *Pickwick Papers* - but found him taking over as a kind of farcical anti-hero.

Hamilton did pretty well in the early years, earning about £3,000 a year between the wars. But he did spend his money - he had nice houses in Kent, in Hampstead Garden Suburb and in 1922 he bought a chalet in Wimereux which gave him ready access to the casino at Le Touquet, for gambling was another of his passions. But any of his schoolboy characters who nipped out to letters from Three Fishers pub to have a few bob on a horse was condemned as a cad. He never married and his later life was spent as a semi-recluse, sitting skull-capped indoors to hid his bald head, although he mediculously replied to letters from admirers, usually addressing them as "Dear boy."

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Michael Coveney



The Cat That Walked by Himself - this drawing by Kipling for his own story is one of many arresting pictures in "A History of Children's Book Illustration" by Joyce Irene Whalley and Tessa Rose Chester (John Murray/Victoria and Albert Museum £35.00). Some recent children's books are reviewed below.

Moonday to Malory

Renata Gold on old and new offerings in children's books

ONCE AGAIN it is time to dip into the massive pile of new children's books. It's not trying to entertain and some to instruct at the same time.

Sid Fleischman is back with *The Whipping Boy* (Methuen, £5.95, 87 pages), a riotous medieval romp which should delight many six to 10-year-olds.

Prince Brat is as thick as two planks, and in consequence has to suffer the corrective rod of his tutor; or rather it is Jenny, the poor orphan boy, who has to suffer it (painfully, on his backside) in lieu of the royal and real culprit. Jenny is as brave and bright as the prince is dim. The fun really starts when they run away together. A spanking good tale from a Newbery Medal winning-author, with line drawings by Tony Ross.

David Henry Wilson's stories in *Yucky Ducky* (Dent, £2.50, 119 pages) sub-titled "Ten Funny, Fiendish, Sad and Silly, Nice and Nasty Tales," with drawings by Jonathan Allen, are in the same modish vein of infant black comedy.

In the salutary title story the confident expectations of the ugly duckling - that he will one day become a handsome swan - are continually, and indeed permanently frustrated, while he suffers mass bereavement and a medley of minor insults. The author's language is inventive and robust. (At one point the ugly duckling is called in old-fashioned idiom, "swans, is told to 'quack off'")

On a less fantastic note, Martin, the hero of Liz Rose's *Looks Like Trouble*, illustrated by Gerald Rose, (Methuen, £5.50, 77 pages) befriends a seagull called in old-fashioned idiom, "swans, is told to 'quack off'")

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Like Wendy Cope, Grace Nichols is another poet who understands children as audiences. She was born in Guyana in 1977 and won the Commonwealth poetry prize. She has put together a collection of *Black Poetry* (Blackie, £6.95, 140 pages), illustrated by Michael Lewis, containing work from many different cultures, much of it of memorable simplicity.

Gerry Cotter's anthology, *Natural History Verse* (Christopher Helm, £12.95, 345 pages), covers the centuries from Anonymous to Walt Whitman. It also has a thoughtful introduction reflecting upon the English genius for nature poetry. This is a book for children of all ages, and nature-loving adults too.

Meanwhile for the very young there is a handsome new edition of *The Adventures of Pinocchio* by Carlo Collodi translated by E. Haden, illustrated by Roberto Innocenti (Jonathan Cape/Creative Education, £8.95, 141 pages), and a version of *The Pied Piper of Hamelin* retold by Sara and Stephen Corrin and illustrated by Errol Le Gain (Faber & Faber, £6.95, 32 pages). In *Cry Wolf* and other Aesop Fables the traditional moral stories are re-told by Naomi Lewis illustrated with some Donatier Rousseau-like paintings by Barry Castle (Faber & Faber, £6.95, 51 pages).

Still staying with tradition there is a new edition of *Tales of King Arthur* edited, abridged, and with an introduction, by Michael Senior. This is based on the earliest sources and is decorated liberally with carefully chosen illustrations from medieval manuscripts of Malory's time.

For anyone in need of the words and music of *The Holly and The Ivy*, together with many less familiar carols, in an attractive picture-book presentation, there is *A Book of Christmas Carols* edited by Elizabeth Poston and Malcolm Williamson (Simon & Schuster, £12.95, 112 pages) with illustrations by Jane Lydbury framing the texts.

For a nostalgic father brought up in the 1950s on Dan Dare, hero of the *Eagle* comics, there is an opportunity to pass on the exploits of that intrepid hero by obtaining a couple of full-size facsimile volumes compiled by Mike Hogan, Dan Dare Pilot of the Future (Hawk Books, £9.95, paperback) and *The Second Deluxe Collector's Edition of Dan Dare* (Hawk Books, cased, £17.95). There is also a Dan Dare wall-calendar for 1989 at £5.95.

Finally, - a roll of drums, please - a previously unpublished children's story by Virginia Woolf, *The Widow and the Parrot* (The Hogarth Press, £7.95, 28 pages). It was commissioned by her nephews, Julian and Quentin Bell, for the family newspaper and has been recently re-discovered. It is illustrated by her great-nephew, another Julian Bell, and should give much pleasure to Bloomsbury-fixated mums and dads.

Hark to the heraldic

Anthony Curtis clears the coffee-table and sifts through a posse of present-worthy volumes

THE SELECTION of an expensive illustrated volume purchased to give as a present to a book-loving relation should be made only after some preliminary reconnaissance. What lies behind that seductive jacket? Is this merely a catalogue raisonné more for the scholar than the general reader? Or is it a re-jigged reissue of a book which originally appeared in the 1960s? Are the subject and contents - the history and style - of the book so matchable covers (say) with 160 illustrative plates - such that it will have a lasting appeal? *Caveat emptor.*

When these and related questions have been duly pondered, the Oxford Guide to Heraldry by Thomas Woodcock and John Martin Robinson (Oxford, £17.50, 238 pages) may well emerge this year high on the list of suitable candidates. The subject is one of perennial fascination and it is authoritatively expounded by Somerset Herald and Fitzalan Pursuivant - Extraordinary. One should not perhaps think of the book as only likely to please the male recipient. True, the College of Arms, where the authors practise their profession, the top jobs there are all reserved for men; but many women are interested in the matter, particularly in the area of genealogy, a study at which they often excel.

David Williamson's *Debrett's Kings and Queens of Europe* (Wehr & Bower/Michael Joseph, £19.95, 206 pages) is an extended essay in genealogy that covers a great deal of historical ground, starting with the Middle Ages. The author is co-editor of the *Peerage and Baronage* and this book, bedecked with dozens of royal

portraits, is intended as a companion to his *Kings and Queens of Britain* published two years ago. Many of these monarchs went in for pageantry on the grand scale. Bryan Holme has in his *Princely Feasts and Festivals* (Thomas & Hudson, £12.95, 103 pages) made a pictorial record of what happened at their banquets, processions and spectacles, drawing on contemporary paintings over three centuries. All in all they make the Lord Mayor's Show seem rather tame.

Not that our modern metropolis is completely devoid of

ject by two French enthusiasts, Geneviève and Gerard Picot, *Teddy Bears* (Weidenfeld & Nicolson, £14.95, 118 pages) is full of fascinating material. They date the creature's birth from 1903 and trace his lineage world-wide with period photographs and drawings, stemming from an exhibition they mounted in Lyons in 1983 and which has been on tour ever since.

One of our most popular bears emerged a mere 30 years ago. Continuing nonetheless to stay the right side of 10, he has inspired some reflections on his career in *The Life and Times of Paddington Bear* by Russell Ash with Michael Bond (Pavilion/Michael Joseph, £12.95, 144 pages). The merchandise arising from the Paddington cult extends to Japan. What the Picots have done for *Teddy Bear History* does for that familiar figure of the countryside, *The Scarecrow: Fact and Fable* (Hale, £11.95, 191 pages), the first book on the subject, most assiduously researched, as one would expect from this author, with many raggedy drawings and photographs.

R.C. Bell, a leading authority on board and table games, has compiled an attractive collection, or minor encyclopaedia, of *Games to Play* (Michael Joseph, £12.95, 122 pages) which includes all the traditional pastimes such as chess, crown and anchor, shove ha'penny, ping-pong or gossima (the original version of table tennis in 1900) and blow-football, as well as many less familiar games from Africa and the Far East. The book is copiously illustrated with pictures of antique sets, many of them from the author's own collection, and in each case, the basic rules are given.

NEXT WEEK: My Book of the Year and Literary Competitions

grandeur, as Joe Friedman shows with the aid of photographs by Peter Abrahamian in *Inside London* (Phaidon, £17.95, 128 pages). The book arose out of the author's search for suitable Edwardian-style locations for the Merchant-Ivory film of E.M. Forster's novel, *Maurice*. It is good to see F. Cooke's eel-and-ple shop in Dalston still looking as it did in 1910. It is put alongside the Grill Room of the Café Royal, Regent Street, together with shots of many other shops, pubs, clubs, living halls, houses and public buildings in the capital that remain in pristine condition. One for Prince Charles's stocking!

Although I am a devoted admirer of the late poet laureate, I have never subscribed to the *Teddy Bear* cult. However, the latest volume on the sub-

Straight from the gut

THE RAGMAN'S SON
by Kirk Douglas
Simon & Schuster £14.95, 497 pages

ELIZABETH TAYLOR
by Sheridan Morley
Pavilion £14.95, 192 pages

MASTERS OF STARLIGHT
by David Fahey and Linda Rich
Columbus Books £19.95

THE ART OF THE GREAT HOLLYWOOD PORTRAIT
PHOTOGRAPHERS
by John Kobal
Pavilion £17.95, 287 pages

circumstances, Morley fights her cinematic corner skilfully, giving her career C for Courage if not B for Brilliance.

That Taylor was once a great screen beauty is demonstrated in *Masters of Starlight*, one of two new books on Hollywood portrait photography. Here she is, snapped off-screen on the *Raintree County* set (1957) by Bob Willoughby; a tumble of dark hair framing the pale, slender face with its soft, stunning dazle of damazon eyes.

This photo-antology and *The Art of the Great Hollywood Photographers* both show how large a role physical image-building played in vin-

tage American cinema. The incandescent faces frozen for the Perfect Instant - Swanson, Garbo, Cooper, Brando, Hepburn, Taylor - were less dutiful souvenirs of star-quality than vital blueprints for box-office assault.

It is probable that more time and ingenuity were spent in perfecting pose, lighting and expression than at any time since the heyday of T. Gainsborough and J. Reynolds. The books are fascinating material for film students, and seekers after handsome coffee-table tomes need seek no further.

Nigel Andrews

In Kazan's shadow

JUST AS Arthur Miller's monster autobiography threw last year's theatre books into a long shadow, so *Ella Kazan: A Life* (André Deutsch, £17.95, 848 pages) has dominated this year's stage and screen literature.

It is a riveting and monumental exercise in self-justification by one of the great directors of the century who knows his weaknesses. One, his pathological womanising, he lives with quite happily. Another, the historic role he played as a co-operative witness before Senator McCarthy's House Committee on Un-American Activities, he wrestles with guiltily.

Like Miller's *Timebends*, Kazan's book is an essential document of the great flowering of American drama and cinema. He writes very well, indeed he explains fully how he became a writer and shrugged off such set-backs as his failure to make a go of the Lincoln Centre in the mid-1960s.

Throughout, he is touchingly in touch with his origins as a Greek rug merchant's son born in Turkey and raised in the cultural melting pot of New York. His life is part of America's own story. Only such a person, one could have directed *A Streetcar Named Desire*, *All My Sons*, *Death of a Salesman* and *On the Waterfront*.

Closer to home, I have much enjoyed the memoirs of two distinguished British supporting actors who became household faces thanks to television in the 1960s. Andrew Cruickshank as Doctor Cameron ministered wisely to a 1930s Scottish community in *Doctor Finlay's Casebook*, while Patrick Macnee as John Steed saw justice eccentrically done with

the help of his bowler, hroily and leatherclad lady assistant in *The Avengers*.

Andrew Cruickshank: An Autobiography (Weidenfeld & Nicolson, £12.95, 184 pages) is an extraordinary book by a man for whom acting was a way of considering the mysteries of the universe. Cruickshank tours in *Dial M For Murder* and discovers his hero, Kirkegaard. He plays Ibsen's *Solness at Croydon*, finding a deep affinity with Scandinavia as a Protestant Anglican of radical views from Aberdeen.

In 1940 he gouges out Gloucester's eye ("Out, vile jelly") as Cornwall in Granville Barker's production of *King Lear*, the same year, he joyfully remarks, as Sir Charles Sherrington, the great physiologist, publishes his amazing description of the eye.

Playing Dr Cameron, he comes to realise how the nature of medical diagnosis has been affected by the disappearance of such intimately constructed communities. Playing the lawyer Clarence Darrow in *Inherit the Wind*, he develops his own profound thoughts on the rival claims of religious faith and Darwinism.

Cruickshank, with a fine regard for classical decorum, died just two weeks after completing this book. He had been appearing as a judge in Jeffrey Archer's mediocre play, *Beyond Reasonable Doubt*, at the Queen's Theatre. Even there, his mind is generously stimulated towards the qualities he finds in the play and the author, whom he compares to Sir Walter Scott. Like Scott, he notes, Archer has energetically retrieved his fortune through the telling of stories. This is the most original of theatre books, and a fit memorial to a remarkable man.

Michael Coveney

Crowley's masterstroke

CONSIDERING that cricket is played at full international level by so few countries, the wonder is that it has been responsible for such a Niagara of literature over the years. Brian Crowley, a South African who lives in Australia, has added more than a few drops to that torrent. The Cavalcade of International Cricketers (Sidwick & Jackson, £19.95, 872 pages) - which weighs a wrist-straining 5 1/2 pounds - is

a sort of "everything you wanted to know about Test cricket but never had the patience to dig out."

Crowley claims modestly that he is presenting merely an "overview" of international players throughout the game's history. Perhaps so, but it is a definitive - and entertaining - overview. He divides the book into three sections: batsmen, bowlers and wicketkeepers-fieldsmen and, in all, cov-

ers over 1,500 Test players dating from England's extraordinary Dr W.G. Grace in the 19th century. Full career statistics are provided. And women are not forgotten: the best find a place in these pages.

At the price, this is splendid value. But do be careful when you lift it. Either that or spend a little extra to strengthen your coffee table.

Sinclair Robieson

War memories

LYN MACDONALD has devoted her last 15 years to compiling memorabilia of the First World War. She does not deal with strategy: you could read her *Somme* or *They Called It Passchendaele* and still know less about the campaigns than you would get from the newspaper files or various Orders of the Day. Her new collection, 1914 - 1918: Voices and Images of the Great War (Michael Joseph £15.95, 345 pages), tells us nothing about the Great War, as it was called, except how people existed in it.

Here are the letters, diaries, press cuttings, songs, poems, verse, jokes, pictures that garnished the lives of the British, Canadian, Australian, New Zealand, Indian, American, yes and German, soldiers, civilians, friends and families. It is

rich pabulum for the nostalgic, but I have to say that I ate it all. We glory in the merit of others as if it were to our own credit. Better to leave it in our deposit account and concentrate on building up a current account equally viable in the next misfortune.

B.A. Young

You couldn't give a better money-making manual to a home-orientated friend than "CASH FROM YOUR KITCHEN". Only £8.50. **Book Smith Publications, Old Inn Cottage, Marnough Cross, Marnough NP5 3RE**

BOOKS/HOW TO SPEND IT

Dickens turned to soap

DICKENS: A BIOGRAPHY by Fred Kaplan

THIS IS Dickens mainly without the novels. Using the magnificent Penguin edition of the Letters, which he has been allowed to summarise or quote in brief, Professor Kaplan of New York has written a book his publishers claim as the first major biography of the greatest of English novelists to appear in nearly 40 years.

That must mean, since the far more scrupulous life by Edgar Johnson in 1952, another New York professor, as it happens, whose life of Dickens proved one of the earliest successes in that astonishing post-war boom in literary biography.

Johnson, however, had a literary mind, even if he was a trifle over-disposed to take Dickens - that readily self-justifying genius - at his word. The new life is pure story and verges at times on soap opera. It belongs to a species of biography, highly prized nowadays among publishers and literary agents, with lashings of human interest and more than 100 illustrations.

Kaplan tells the familiar story stage by stage, from childhood in Kent to his time in the navy, to his time in the London factory as a boy, early success with Pickwick, extensive travels on the Continent and in America, public readings, the breakdown of his marriage with a jealous wife and, finally, death not far from the place where once he had played as a child in the countryside near Rochester.

Perhaps it is because fiction too seldom gives us the pleasures of a good story these days that we turn to biography to give us more. Real lives offer the additional blessing of a claim to truth. This new life reads like a novel, but a novel



Charles Dickens... more like a melancholy New Yorker

conceived in New York rather than London or Kent.

Dickens lived a fairly novelistic sort of life, it must be said, and never failing to notice it, he put himself into more of his novels than David Copperfield, fictionalising his parents as well as himself. Mr Micawber has something of his father, and so does Mr Dorrit at the Marshalsea; Mrs Nickleby of his mother.

He rose from rags to riches, like many a fictional hero. He was also the Provincial Young Man in love with the metropolis and the nephew of a father imprisoned for debt haunted him to the end of his days; while an active, somewhat friv-olous, life guaranteed that his heroines were based on more than observation.

Kaplan is careful to remark that there is no overt evidence to prove that his relations with the actress Ellen Ternan, whom he kept after rejecting a wife who had turned ill-tempered, ever were intimate. After all, her mother came, too. But then, it is hard to see what overt evidence there could be in such a matter, and Dickens, who never lived to be old, was in vigorous middle age and made a financial settlement on Ellen.

What is more, during a Kentish train accident, which occurred awkwardly while returning from France with Ellen and her mother, he made strenuous efforts to keep their association out of the press. It would be amazing to suppose he had nothing to hide almost as amazing as to realise that, from the great British public at least, he did manage to hide it.

The book is at its liveliest where fact and fiction overlap, which is often. But although this new life reads like a novel, it does not read like a novel by Dickens. There is too much Freud-and-water in the style for that, as in the insistence that Dickens' emotional excesses were a reaction to the neglect and cruelty of his parents, and the subject emerges as more like a melancholy New Yorker than a confident Londoner.

The Kaplan technique is frequently imaginative, with a good deal about what Dickens would have thought or felt. But the imagination is never remarkable or the style distinguished. It represents no advance on Edgar Johnson.

George Watson

Like the finest of wines, age cannot weary a good old fat Havana cigar

Frank Grey discusses Cuba's best-known export

IT WAS THE late Lord Lonsdale's custom to keep two separate keys to his drinks and cigar larder, one being for the cellar containing his more mundane wines and after-dinner delights and the other for an inner closet in which rested the stuff of which dreams are made. Needless to say the second key was used only when the calibre of his supper guests matched the quality of his private stock of vintage wines and...

Vintage wines, yes - but cigars? Of course, cigars. His Lordship would stress. And why not? He not only kept his name to British boxing's Lonsdale Belt but also to a cigar type that bears his name and still is produced by hand in the factories of Havana. It is a view shared by the cigar trade and one that is practised by its more discerning and well-heeled customers (at least, those who do not have the appetites of Lord Grade, Britain's most-renowned cigar smoker, who goes through three or four boxes a week. Montecristo No. 2 are his favourite).

Good Havanas, like French wines, are meant to be bought in volume and laid down for a number of years before being smoked. Stored properly at 65 degrees Fahrenheit and 70 per cent humidity, they should peak in flavour at anywhere between seven and 15 years (although the very best will retain their maximum character for decades beyond that).

There is, also, no need to worry about a bad batch because of storms like September's Hurricane Gilbert. It hit the Caribbean just before the 1988-89 planting but Cuba's tobacco fields have always not been so lucky. As a precaution, the cigar factories now age tobacco, and blends of three to five different types, from different years and all several years old, go into the classic cigar, fermenting first in the warehouse and then after they have been wrapped. It is that tradition which separates the Havanas - at least, the hand-made - from competitors from the Dominican Republic, Jamaica and Honduras.

What is most important is that, usually, they will retain their market value. Sometimes, particularly if they are pre-1969 (the year of the Castro revolution), they will attract phenomenal bids. Not surprisingly,

many of these come from visiting Americans, who can pack their old Havanas through US Customs with impunity (it is only post-revolution Cuban cigars that are liable to seizure by sharp-eyed officials although, according to a New York representative of Dunhill, the excitement now tend to ignore small quantities of these).

Recently, Christie's in London auctioned some 20 boxes of mint-condition 1920s' and 1930s' Havanas which fetched between £200 and £340 per box of 25. They were Partagas Coronas and Alvarez Lopez, the latter marquis having disappeared from production after

1959. Sotheby's also auctioned some pre-war Upmann Coronas recently, getting £220 for lots of 50 (well above the estimate of £240-250), while two other lots of 50 Rafael Gonzalez Lonsdales went under the hammer at £500 each, nearly double the minimum estimate. A glass container of 50 pre-Castro Upmann Coronas, from the estate of the late Lord Janner, sold in September 1987 for £230.

Cigars of those sizes and types would cost about £100 per box of 25, so the auction prices indicate that good old cigars will fetch well above present market values - and, of course, will be several thousand per cent more valuable

that when they were bought originally three, four and five decades ago.

While the cachet of having pre-Castro cigars helps the price, the name of the owner does no harm. Any surplus cigars from the estate of Sir Winston Churchill, himself a 10-a-day man in his later years, have long since disappeared, but Sotheby's recently auctioned one of wartime leader's leather cigar cases, bearing his name and the number of his houses say that cigars of recent vintage might occasionally be sold below present retail prices - but not often, and not at any significant saving for the buyer. Gone for

ever, notes one British importer, are the days of the inexpensive Havana cigar which, in pre-war years, could be bought for a few pence apiece at a time when 30m a year were being imported into the UK.

The advent of the "whiff" domestic cigar market and extraordinary inflationary pressures caused the hand-made market to contract to about 4m a year several years ago, although it has grown to about 5m a year now. As a consequence, no 50 cigars come up for auction these days although there still are occasional large retail orders, suggesting some "laying down" as a hedge against inflation. A few years ago, veteran Robert Lewis of St James's, London, sold 49,000 Ramon Allones for £13,000 at one go while, a few months ago (again Ramon Allones) to a value of £12,000.

Inflation, as much as quality, is a sound reason for putting good stocks into the cellar. A box of Upmann Coronas cost just £3.32 for 25 in 1960. The Cuban authorities held the wholesale price down for nearly a decade so that, by 1970, the same cigars sold in London for just £11.50. During the Seventies, though, the Cubans began boosting the wholesale price, Britain joined the EC, lost its preferential tariff, incurred 38 per cent EC duties on non-Community tobacco imports and introduced VAT of 8 per cent in 1973. By 1980, the £3.32 Upmanns of 1960 were selling for £55.06.

In this decade, further price increases at source (largely to offset loss of revenue because of hurricane damage and tobacco crop disease), a boost in VAT to 15 per cent and increased UK duties have served to increase the cost of Upmanns and similar gauge cigars to £38 a box.

For the most part, the laying down and occasional auctioning of vintage cigars is germane only to Britain and the Havanas imported to the UK. Is there competition or threat to the established order? The answer is, probably not. Non-Cuban cigars rarely make it to the auction block or, for that matter, to the cellars of the gentry. And, adds one shipper: Cigars are like houses; no matter what, they are immune from recession.



Out of the convent

E. M. DELAFIELD was a prolific and popular novelist in the years between the wars, but it is for The Diary of a Provincial Lady, which started as a humorous column in Time and Tide, that she is known best. Violet Powell sets herself the pleasant task of resurrecting Delafield's lesser-known works and relating them chronologically to the life.

Born in 1890, Delafield had a particularly stifling upbringing, even by the standards of the time. Her father was from an old Catholic family of French origin; her mother, 21 years his junior, was a popular novelist, Mrs Henry de la Pasture, who took a highly possessive attitude to her attractive elder daughter, Edmée (who became known by her second

name, Elizabeth, at about the same time that she anglicised her surname to Delafield and the London Seasons with her younger sister, Yvonne, but neither managed to catch a husband. At 21, Edmée entered a convent.

Violet Powell wisely allows Delafield to give her own account of the rigours of life as a postulant in the Belgian mother-house of an enclosed order. Brides of Heaven is a

remarkable piece of writing composed 20 years after the event. It describes, without any bitterness, not only the physical hardships but also the psychological pressures, both subtle and unsubtle, from her superiors which led her, after eight gruelling months, to the decision that she had no vocation.

In 1919, Delafield married Major Paul Daalwe OBE. She had by then published four novels, and she produced at least one book a year for the rest of her life. She and Dashwood eventually settled at Croyle House near Cullompton in Devon.

She wrote in a corner of the drawing room amid continual interruptions from servants, her husband and two children, household pets and neighbours (the latter often seeking her out as president of the Women's Institute). This was the life which formed the background to The Diary of a Provincial Lady. The "Provincial Lady" label became increasingly ironic when Delafield's success took her to America and the USSR, but proved impossible to shed.

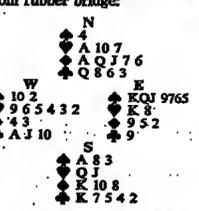
Powell makes the best possible case for Delafield's fiction. From the synopses of numerous novels and stories, one detects a penchant for dramatic endings which combines uneasily with a talent for social comedy. Domineering mothers, ineffectual husbands, Catholics in crisis at the prospect of a mixed marriage, and plausible ends - all recur frequently. I was reminded at times of Barbara Pym, at others of Elizabeth Taylor and, distantly, of Antonia White, but Delafield lacks their bite. Powell is reminded of Elizabeth von Arnim and Charlotte M. Yonge, whom Delafield championed.

With the exception of Two Buck the Lassie, which makes full and imaginative use of her upper-class Catholic background, life now seems too short to bother seeking out the works of Delafield, especially when one can turn instead to this lively, compact and readable biography.

Delafield died in 1948, apparently from cancer of the colon. If there is a criticism to be made, it is that more attention is paid to her work than her life, leaving some intriguing questions unanswered about her conversion to the Anglican church, the late stages of her relationship with her mother, and her feelings for her husband and children. Presumably the nature of the available material - no private letters or diaries seem to have survived - dictated this polite, unintrusive approach.

Alannah Hopkin

MY FIRST hand today comes from rubber bridge:



With both sides vulnerable, South dealt and opened the bidding with one club. North replied with one diamond and East over-called with two spades. After South and West had passed, North jumped to four clubs and South went on to five.

West led the 10 of spades, won by the ace, and South took stock. He decided that East, in view of over-calls, must hold the club ace, and, in case it was singleton, he wished to play a low club from dummy and so avoid two trump losers. After ruffing a spade in dummy he returned the three of clubs, which led to minding and ace. West was quick to switch to a heart, the declarer played low from the table and the king won. West

had to make a second trick in trumps and the contract failed. South should have seen that he could afford to lose two trump tricks provided that did not lose a heart. At trick two, he should lead a low club from hand. If East wins dummy's queen he cannot attack hearts, and South has time to play three rounds of diamonds.

West ruffs the third round and switches to a heart, but the ace wins and the declarer can throw his remaining heart on the ace of diamonds. West can ruff, but that is the last trick for the defence.

As the cards lie, West has to duck the club lead - otherwise he makes only one trump - and dummy's queen wins. Now the declarer plays king, 10 and another diamond. West ruffs but the heart switch is again too late.

We turn to teams-of-four:



With both sides vulnerable, South dealt and opened the bidding with one club. North replied with one diamond and East over-called with two spades. After South and West had passed, North jumped to four clubs and South went on to five.

Bridge

South dealt at a love score and opened with one spade, while West over-called with two no-trumps (this West did not use the unusual two no-trumps on bad hands). North bid three hearts, East passed and South went four spades, ending the auction.

West led the diamond ace, dummy played the seven, South unblocked his king and a second diamond was taken by the queen. The declarer returned the two of spades,

East played the eight and the 10 won.

Now the four of hearts was led. West had to take and was in deep trouble. A heart return would give South access to dummy and allow him to discard two clubs and lead another spade, thus restricting his losers to a spade, a heart and a diamond. A club return would permit South to cash queen and ace, ruff a club and again lead a spade from the table.

East was responsible for giving away the contract - ducking the opening lead was fatal. He must win and switch to the nine of clubs. This ensures the fourth trick for the defence.

An attractive pocket-sized electronic bridge-scoring can now be obtained from Milligold Ltd, 7 Coates Hill Road, Bickley, Kent BR1 2BC.

E. P. C. Cotter

Advertisement for Calvet Reserve wine, featuring an image of a wine bottle and text describing its quality and availability.

Advertisement for Calvet Reserve wine, featuring an image of a wine bottle and text describing its quality and availability.

Advertisement for Christmas gifts, featuring various products like HAM ON THE BONE, EXCLUSIVE MADE TO MEASURE BOOTS AND SHOES, and THE CHAIRMANS HAMPER.

Advertisement for Mumm's the word, featuring an image of a Mumm Cordon Rouge Champagne bottle and text describing the offer and wine selection.

DIVERSIONS

Galleries pass the acid test

THE HARDEST task for curators in a major museum is to design new permanent galleries. They are the acid test of their expertise and of the quality of their collections.

In new galleries, curators have to inform and please the public and hope to include fine pieces from the cellars. With a shelf life of 30 years the pieces chosen, and how they are juxtaposed, continue to teach till the next generation faces the task again.

A higher hurdle is to satisfy the experts. Colleagues in archaeology and art history are never slow to question dates and attributions. Nothing is gospel. The choices the curators make in a place such as the British Museum become immediately part of the debate.

Archaic Greece 730-520 BC shows the art of the time, when the city states were passing through monarchies, aristocracies and tyrannies to reach the forms we know them best in. It has a splendid display of painted pottery from several cities. Corinth and Athens dominate, but do not miss the running goats painted in Rhodes.

Myth and monster express hopes and uncertainties. Heracles matters because, as a human, he triumphs over unspeakable beasts. The griffons, tongues out, are horrid dreams; painting them helps to ward them off. For relief, turn to the deer, rabbits and lions of the east Aegean.

The A.G. Leventis Gallery of Cypriot Antiquities, with a generous grant from the A.G. Leventis Foundation, gives a lively view of the island till Roman times. The enlightening display shows the humour that runs through Cypriot art and the transformations from one medium to another.

Wealth came around 1600 BC when the Cypriots began to sell their copper to the whole of the East Mediterranean. Temples protected the trade. Copper could pay for silver, bowls and ivory gaming boxes and some exquisite gold jewelry. Another source of riches seems to have been opium, exported in little jars shaped to look like poppy heads. Egyptian texts reveal that it was not just a hallucinogen, but had antiseptic and sedative uses.

In southern Italy the Greeks colonised the coasts. Magna Graecia (Great Greece) is a rich part of Greece, easy to ignore unless you visit Sicily or Paestum. Its treasures in the British Museum are a revelation. The greatest surprise is a life-size bronze statue of a warrior on a horse, from Taranto (470 BC). Only parts are preserved, such as his greaves (leggings) with a gorgon on the kneecap; but their grandeur and delicacy show that this was one of the masterpieces of ancient art.

Gerald Cadogan

The disputed Word

Colin McDowell looks at two schools of fashion

SUCH carryings on - you wouldn't believe! It's almost pistols at dawn for the world's fashion editors, who have never before been so split over the new Messiah. For years they have turned supplicant faces to The Mount, waiting for The Word. The problem is there are now two mounts and two messiahs; each as powerful as the other.

On one, just visible on the fluffy pink clouds that surround him, sits Christian Lacroix, delicately tucking a satin flourish. On the other, crouching in perpetual drizzle, is Romeo Gigli, sternly swathing some raw linen. Each is sending down contradictory fashion messages while saying, "Follow me, I alone can lead you on the true path to the 1990s."

In the old days, when Paris was the temple of fashion, The Word (which really was THE word) was pronounced at the high altar by Dior, Balenciaga and Chanel. People knew where they stood. The rich and pampered women who could afford couture were the acolytes to such high priests. They received the word on bended knee, rushed off to their dress makers - and obeyed. Today, things are much more complicated.

Christian Lacroix is the somewhat unlikely Goliath of Paris, and has been for the last several seasons. His extrava-

gant impractical collections for the house of Paton in the early 80s excited the ladies of the fashion corps. When he went out on his own to found the House of Lacroix they all got into a lather of anticipation. Christian did not disappoint them. His first collection under his own name was couture - made-to-measure individual dresses for the very wealthy and, in his case, extremely adventurous, possibly foolhardy, follower of fashion.

One of the nice things about Christian is that he does not give a fig for boring things such as practicality or taste. So he had a lot of fun in what might be called the Carmen Miranda or Elton John school of design. Every woman over 30 loved it. For them, he was offering the promised land: beautifully made clothes combining an eighteenth century artifice with Edwardian decadence to make them feel deliciously feminine again.

Extravagant claims began to be made by some of the more suggestible fashion journalists. Women were to be taken once more - by which, I'm afraid, they meant that women should go back to what they were in the 50s.

They claimed that style, grace and elegance had returned on the backs of these clothes, which in the last of what the great couturiers

had created 30 years ago. The floodgates were opened to a stream of Lacroixities. We all know about the puff-ball skirt. But don't forget the strident colour-clashes, the deliberate mis-matching of materials and the impossible piling on of detail and pattern. It was as extravagant as the Carnival of Venice.

Enter David, from the Milan corner, in the severe shape of Romeo Gigli. Like fashion's Luther, he nailed his declaration, in simple cotton jersey, to the door of extravagant fashion. "Turn from this decadent, perverse and irrelevant path," he said, "which is the road to fashion salvation."

Just as the altar before which the disciples of Lacroix bent the knee was swagged, swirled with gold tassels and lit by rather too many winking candles, so Gigli's faithful knelt before a roughly-hewn slab decorated with one perfect lily. And the kneelers were all under 30. What Gigli was offering were the principles of the Bauhaus, done soft. His gaily swathed, simple fabrics were used to create a pure and austere line which enhanced the simplicity of a young girl's form but looked decidedly odd on anyone with a mature figure and a confident air.

Gigli's aim, which might be the imagination were the draped bust, the Regency high waist

and, above all, the dreary colours: camouflage brown, demob-suit slate, land army green - it was just like World War Two all over again. Of course, the kids loved it. To them, it seemed a new form of dressing up. An added reason was that these very simple clothes in inexpensive fabrics cost every bit as much as their opulent counterparts from the other big designer names.

There the two giants were and there they remain at the apparently opposite ends of an unresolvable spectrum. So who is the God who will lead

women to the Elysian fields?

In reality, there is not as great a fundamental difference between the two as might at first appear. Lacroix takes 50s ideas and sends them up outrageously. Gigli takes the same ideas and stuffs and parades what is left as something new. Just as Lacroix's clothes remind us of eighteenth century theatrical dolls, so Gigli's are like Claes Oldenburg's soft sculptures. The only real difference in their offerings is between

stiffness and fluidity.

Far removed from the scented salons, what does this split in fashion really mean for women in the High Street? If it were just these two designers contending for leadership the answer would be "very little." However, Gigli and Lacroix are the tips of two quite separate icebergs which symbolise the confusion of fashion at this moment. The Gigli approach is shared by Yamamoto and Comme des Garcons in Paris, John Galiano in London and Isaac Mizrahi in New York. The designers who are similar to Lacroix include Yves Saint Laurent and Lagerfeld in Paris, Versace and Ferré in Milan and Alistair Blair in London.

So the Silk Wars are more than just a storm in a thimble. They are on a global scale. All of this is very good for the woman setting out to buy this autumn. She can choose

clothes inspired by designers who see her as a Barbie doll, or those who wish her to be a vestal virgin. Or she can opt for clothes incorporating the ideas of Giorgio Armani. For most women, he stands alone as the designer who most understands their needs, and his inspiration is the one which sensible women will wish to follow.



Tom Fort

High summer for salmon

IN THE national chorus of protest against our dank, dismal shadow of a summer, there were dissenting voices. While the farmers, gardeners and cricket-lovers groaned and the ice-cream sellers, seaside boarding house proprietors and deck chair attendants wailed, the salmon fishing fraternity chortled with delight.

When salmon anglers dream happily, they dream of soft, grey, damp days and the music of falling rain. Their vision of hell is one in which a hrassy sun burns from a blue sky on something that once was a river and now is no more than a series of connecting puddles. This was the year in which the good dreams came true. It began raining, you might recall, in July and continued, with brief intervals, until the end of September. The result was that conditions became excellent on many Scottish, English, Welsh and Irish salmon rivers - and stayed that way.

The bonanza was extraordinary for its timing and duration. July and August traditionally are the months of drought when the rivers show their bones, the salmon - if there are any - are dour and stale, and fishing for them is an act of penance. This year, though, the drought came in May and June. By mid-July, many rivers were full both of water and fish and continued in that happy state for the best part of two-and-a-half months.

In the north of Scotland, the Oykel had easily its best season, as did the Cree in the south-west. There were great catches on the lower beats of



the Tay and the Dee late in summer while, on the Conon, July in particular saw superb fishing. The Nith did well later on, as did the North Esk. The Tweed and the South Esk were rivers that improved notably in September.

Ecstasy was not, of course, universal. Some northern rivers - the Beuly, the Erro, the Carron, the Helmsdale - were distinctly patchy. The Spey seems to have had an uncertain time while the Annan fished extremely poorly until well into September.

In England, it was two north-western rivers that revived most vividly the memories of past glories. The Ribble and the Lune enjoyed consistent, abundant runs of fish throughout the late summer, which gave wonderful sport and forced a revision of opinion among the many who had written them off as serious salmon fisheries.

In south-west England, most rivers - among them the Fowey, the Camel, the Taw, the Exe and Barle - had reasonable seasons. Even the Torridge, another subject for gloom-laden predictions, gave

its loyal admirers more of a chance than for years.

The Wye and the Severn appear to have had passable seasons while several Welsh rivers have done much better than that. The Conway had an exceptional August, while the Dee, having started early on, did well in September.

There also was cause for satisfaction in Northern Ireland and the Irish Republic. In the north, the Bann offered some spectacular sport and the Bush also fished well. The Republic's most famous salmon river, the Cork Blackwater, had an outstanding season with unprecedented summer catches.

In the far west, the Erriff success story continued. Anglers lucky enough to get on it in July had fabulous fishing and, on one day, 85 were caught - a total which, when 10 years ago, the total catch for the season was 81.

However, no-one should be deceived into believing that the salmon, and the sport of fishing for them, are no longer in peril. Netting remains an enduring threat. In Scotland, the benefits of buying-off commercial netting interests are beginning to be felt but the netting that continues in many English estuaries and coastal waters still is taking a damaging toll. Far worse is the drift netting of Irish waters (both Dublin and Lough) which has been a disgrace to successive British governments.

Then there is the danger posed by the vast increase in salmon farming. The development of this industry was welcomed in Scotland initially on the grounds that the price of

salmon would be forced down and the capture of wild fish would become uneconomic. It has had this effect. But scientists and anglers have become concerned, not only about the pollution caused by waste from these farms but also the risk of disease being spread by the numerous escapes.

Poaching, pollution, disease, the depredations of seals, acid rain: the list of worries is familiar. As the politicians love to say, there is no room for complacency. But let us permit ourselves a little smile at the memory of a season to remember. And if next summer is as awful as the last, at least we anglers will not be complaining.

Tom Fort

The essential outdoor style that says...



Classic grooming and impeccable breeding... the assertion of individuality... the absolute statement of shoemanship - that is the Shoot Boot. Timelessly fashioned for the season... flawlessly crafted in supple leather and genuine, luxurious

sheepskin... contoured for comfort sans pareil. With this paradigm in practicality, the English country weekend wardrobe is now complete - let the personal triumph of owning the Shoot Boot be yours.

LADIES' CALF LENGTH BOOT 89 guineas approx. LADIES' ANKLE LENGTH BOOT 64 guineas approx. GENTLEMEN'S ANKLE LENGTH BOOT 74 guineas approx.



Morland's Glastonbury

AVAILABLE AT HARRODS, RUSSELL AND BROMLEY, LEADING SHOE STORES, LAKELAND SHEEPSKIN CENTRES, SWANNE - ADENEY, MAJOR WEST END STORES OR BY CONTACTING MORLAND'S SALES OFFICE ON 0625-609922.

Chess

ence in the mid-80s. If the Soviet team does have a weakness, it is the individual relationship between Kasparov and Karpov, who had an unseemly public squabble after they tied for the USSR championship and disagreed over arrangements for a play-off (which has now been abandoned). The olympics last nearly a month, so friction between players or officials can affect results.

At Varna in 1982, Bobby Fischer adjourned a pawn up against Botvinnik - then world champion - but refused to analyse the position with the US endgame expert, Pal Benko, on the ground that "he'll let my moves to the Russians." Benko, examining the position on his own, found the drawing trap for which Fischer promptly fell when play resumed next morning.

However, even a personal feud in full swing seems unlikely to stop K and G continuing the brilliant form shown in several tournaments this year. Here, for instance, is the world champion's victory over the youngest player in the USSR team who, just before this game, had won first prize in the New York Open against a flock of grandmasters.

White: G. Kasparov. Black: V. Ivanchuk. English Opening (USSR championship, Moscow, 1988). 1 P-Q4, N-K3; 2 N-Q3, P-K4; 3 N-B3, N-B3; P-BN3; B-N5; 5 B-N2, O-O; 6 O-O, P-K5; 7 N-N5, B-N; 8 N-P4, B-K1; 9 P-B3, P-K10 N-P (B3), P-Q4. "Show me." One of the mysteries of last year's world title match in Seville was why Karpov twice avoided this normal response, preferring the dubious sacrifice 9...P-K5 in game two; and the convoluted

10...Q-K2 in game four. After 10...P-Q4, the book response is 11 P-K2, Q-K2; 12 N-Q4, Q-KR4 with an unclear position; but Kasparov reveals an energetic and logical idea, aiming to exploit the open KB file.

11 P-Q4! N-K5. If at once P-K2; 12 B-N5, P-KR3; 13 B-N3, Q-K2; 14 N-K5, 12 Q-B2, P-K2; 13 B-N1, P-B4; 14 P-K4, Q-K2.

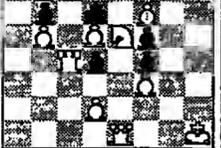
15 P-K2, 15 N-K5, N-K5; 16 B-N, N-N3; 17 B-N, P-K2; 18 Q-K2, B-B1; 19 B-R5, R-K ch; 20 R-K, Q-K2; 21 B-P7, Q-K2; 22 Q-K5 ch, R-K2; 23 B-P7, win.

15 P-K2, N-Q3 (if B-K2; 16 N-K5; 16 N-N3, Q-K2; 17 B-Q5 ch, R-K1; 18 Q-K2, R-K2; 19 B-B4, N-Q1. Black is still a pawn up with a rook on the seventh but, effectively, he is playing minus his Q-side pieces while White has his entire army in action.

20 B-N, P-K2; 21 Q-K1, R-K2; 22 R-K, B-Q2; 23 B-K7, B-E3; 24 P-B8! Resigns. (The elegant finish would be B-K2; 25 B-K5 ch, B-N1; 26 P-B7, N-K2; 27 N-K2 mate.)

PROBLEM No. 748

BLACK (8 MEN)



WHITE (11 MEN)

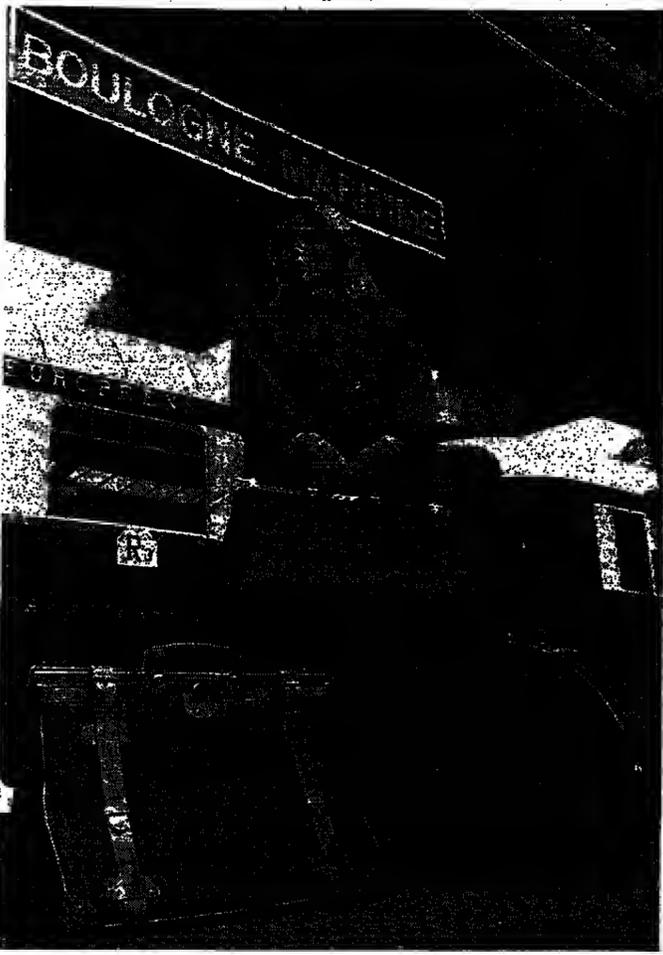
White mates in three moves at latest against any defence (by M. Weissauer). Black is reduced to a single pawn but this subtle puzzle has defeated many earlier solvers. Solution Page XXV

Leonard Barden

Breguet Since 1775 CHAUMET JOAILLIER DEPUIS 1780 PARIS PARIS - LONDRES - NEW YORK - TOKYO 178 NEW BOND STREET - LONDON W1 - TEL. 01. 629 0136

HOW TO SPEND IT

Lucia van der Post reports on the revamped BHS, luggage made to traditional standards, a reborn catalogue and lingerie to lounge in



All aboard the Orient Express - with luxury Mansfield luggage to match

Have bag, will travel

THE BEST luggage always looks old. I grant you that the new-fangled materials are cheaper, lighter, better for health and posture but when it comes to sheer aesthetic appeal leather that has seen a bit of the world takes a lot of beating. Those who love old pieces probably know of Mansfield already - Peter Mansfield's shop at 30-35 Drury Lane, London WC2 has been a splendid source of fine old pieces ever since it opened a few years ago. Now, however, Peter Mansfield has started building stocks of modern luggage made to the same specifications as the old pieces he loved so much.

In the course of getting his antique finds repaired Peter came across craftsmen from Norfolk to Cornwall who produced such fine work that he realised that it was now possible to make new luggage as finely worked as that of old. Many of the saddlers and leather workers still have the original machines and designs and, with his encouragement, are now producing marvelously sturdy and capacious trunks and Gladstone bags, hat and collar boxes, stowmer bags and trunks. If the prices look high, remember that all are made from the finest materials and that they are designed, like their forebears, to last longer than a lifetime. They really will be the antiques of the future.

Mansfield in Drury Lane will continue to sell the antique pieces - and remember that luggage, jewellery, pens and some furniture can all be repaired by Peter Mansfield's restorers - but a shop at 133 Walton Street, London SW3 has opened where the new "antiques" will be on sale. Photographed here with our

New jewels in Liberty's crown

THERE are few easier ways to warm a woman's heart than to buy her a piece of jewellery. If you're looking for something a little out of the ordinary then it is worth paying a visit to Liberty's fine jewellery department, where there is currently a very special collection of Art Nouveau jewellery on sale.

Most of the 165 pieces were made by two famous jewellers of the period - Charles Horner and Muriel Bennett - and Liberty, which bought the whole collection from a private collector - is thrilled to

have back in the store (even if only temporarily) jewellery that so archetypally represents the true Liberty spirit. Those who love the Art Nouveau style shouldn't miss this chance to see so many pieces, many of real collectors' quality, at once. There are necklaces and brooches, rings and bracelets. The material is sometimes silver, otherwise white metal, sometimes brilliantly enamelled, sometimes combined with coloured stones.

Prices start at £60 and go up to £250. Photographed here is a silver enamelled butterfly from about 1917 at £145, which captures perfectly the flavour of the work. But look out, too, for rings topped with amethysts for brooches in the shape of thistles and insects and embellished with moonstones.



All eyes on Conran's new baby

IT HAD been a bad week for Sir Terence Conran. Profits at Storehouse had been about as dreary as everything had feared, the financial press had not been kind ("too little, too late," ran one of the headlines) and to cap it all the predictions for the retail trade in the coming months could only be described as "very poor."

Not the kind of optimistic climate he'd been hoping for as he looks forwards to next week's opening of a revamped, revitalised BHS in London's Kensington High Street.

Nobody is more aware than Sir Terence of the fact that getting it right here really matters. Three years is the length of time he promised shareholders and the City it would take to put BHS to rights. The three years will be up in January, so all eyes will be focused on Kensington High Street next week.

More significant than starting Habitat? "Oh, yes, much more significant - Habitat after all only appeals to a relatively small section of the population, while BHS is more than three times larger and has to appeal to a mass market. It's always been a personal crusade of mine to offer better things to the mass market."

"Three very hard years have gone into trying to get BHS right. It wasn't a question of just changing products but of changing whole attitudes. I've tried to give it what I call a 'one pair of eyes philosophy' - a feeling that it all belongs together. Even where we can't change things altogether - as with lighting, which is one of our biggest, most successful departments - I've tried to make sure that if we sell traditional lighting it is good traditional lighting, not a shoddy pastiche."

So what, then, will we see when the new store opens next Wednesday? "You will see a little shopping centre called Storehouse with something for the whole family. BHS will account for some 50 per cent of the space but there will also be a restaurant serving the sort of food we think shoppers want. There will also be a Habitat, Anonymous, Mothercare and Blazer. In BHS itself I feel that we have got some 75 per cent of the merchandise right and we're busy working on the rest. It should look younger in spirit, fresher to the eye. We've taken a great deal of trouble to try and restore the old Derry & Toms building, which is a building of great quality. I think this new store should show the cynics out there that a mega-change really is underway."

"When I first got to BHS some perfectly intelligent people with excellent taste themselves told me that 'our customers have terrible taste.' I told them firmly that, first, I didn't believe it and, second, that by only offering them poor products in poor taste they gave customers no opportunity to prove they had better taste, or even to learn about it."

"I was convinced that if we offered well-designed, well-made products of reasonable quality they would be preferred to the somewhat cynical and shoddy merchandise that some retailers thought was all their customers wanted."

"What I really want to do with BHS is to make the basics, the necessary things in many people's lives, better. I want them to be better designed, better made, better value. If I manage to crack that one then I really do think I will have done something significant with my life."

What is clear is that a great deal of thought, care and work has gone into the new Storehouse - whether the new strategy is what the customer wants only time will tell. The outlook for retailing is tough and with Storehouse in Kensington High Street positioned exactly next door to its greatest High Street rival - Marks & Spencer - it is going to be interesting to see the outcome. For the shopper it spells greater choice - for the retailer, the necessity more than ever to be nippy on his toes.

First name in male order

TIME WAS when Gieves & Hawkes dispatched to the far-flung corners of the Empire its finely crafted leather boots and shoes, its heavy madder silk dressing-gowns, its pure cotton pyjamas, shirts and shorts. Officers and gentlemen could send for them from the foothills of the Himalayas, the plains of Africa and the jungles of the Far East. Wherever they were, Gieves & Hawkes mail order

service would reach them. Since then those who liked the Gieves & Hawkes style had in general to put in an appearance in person. Now, some 70 years since the last mail order catalogue appeared, Gieves & Hawkes has once again decided to go into the mail order business.

With the aid of "The Wardrobe of a Gentleman" the snappy dresser can order his kit from wherever he happens

Alas, the First World War saw the end of that service and to be beautifully designed and photographed, this is a catalogue to be proud of. Here are the basics of the traditional gentleman's wardrobe - classic, understated, of finest materials, all in full-colour.

The catalogue is available free from Gieves & Hawkes, No. 1 Savile Row, London W1X 2JX.



Undercover stories

IF YOU take a trawl through your local Marks & Spencer lingerie department you may well be in for a surprise. Lurking among the sensible knickers and bras, the warm night-dresses and starry pyjamas are some of the most glamorous pieces around.

There are slinkily soft pure silk wraps (in navy-blue and white polka dot or a soft pink floral) at £50 each. There are pure silk "sleep sets" in cream, pink or black at just £25 a set. There are thick towelling robes - just like the ones in posh hotels - for just £27.50 each and there is also a wide selection of some of the prettiest thermals I've seen.

For sheer 40s film-star glamour this camisole top and matching loose "tap" pants in navy and white spotted polyester take a lot of beating - at £8.99 for the top and £7.99 for the pants, they are remarkable value. Not every hunch, as most M & S customers know by now, stocks every style but most of their lingerie departments will carry these lines - and lots, lots more.

Bookworm's friend

A FAVOURITE service with How to Spend It readers is the Out of Print Book Service which does exactly what it says - tries to track down books no longer in print. However, their headquarters has recently moved - write with all queries to Out of Print Book Service, 15 Farnbach Road, Birchgrove, Cardiff CF4 1TU (0222-627763).

If you haven't tried ordering a book through them before there is an explanatory leaflet, sent free in return for a stamped addressed envelope. The service makes no charge for searching for a book - only after a client agrees to buy the book at the price quoted does any money change hands.

Food for Thought

A touch of seasoning

THERE'S no getting away from it: November is hateful. There are indeed some good times being had during this beautiful autumn season, but they involve escaping from reality and the world around us.

It is one of the duties of people such as me to turn your attention to the changing seasons, to say, in effect, "it may be dark and grim outside, but here in the kitchen all is warm and comforting," or as Edith Piaf used to sing, "Il fait si froid dehors, ici c'est confortable."

These musings on the months are prompted by a just-published book called *English With A Difference* by Steven Wheeler. It is a recipe book arranged by months of the year, with a note for each month telling you what is in season.

It is lavishly illustrated, with beautiful photographs and a strong sense of the passing seasons, exactly the kind of book I have been always going to do. Perhaps that's why I find it a bit disappointing.

There are usually two reasons for finding cookery books disappointing. First, they fail to stimulate or tell you anything new or fail to make your mouth water as you read on. The second reason is if the recipes don't work. I can't say that about Wheeler, as I haven't actually tried any of his recipes, so perhaps they are fine.

English With A Difference is, according to the publishers, "a detailed account of a year during which, month by month, Steven Wheeler set out along his local high street with a budget to feed four people. His aim was to find out how effectively he could prepare meals when he bought



These are sentiments we can all applaud. No strawberries or asparagus at Christmas, no swedes in July. Is there something here of the professional cook's delight in working with really fresh materials, instead of having to make do with what customers have actually asked for, which may have to be from the deep freeze or the tin?

The "everything in season" argument is fine and commands my support; but in the dark days of winter, which are just beginning, must we make do with roots and variations on the cabbage? The frozen food industry has toiled and invested to bring us a few broad beans in good condition in the winter and I cannot find it in my heart to cry "amathens" on them or on the people whose cravings they meet. Broad beans freeze very well and are very nice with the Christmas turkey.

Most of the guinea fowl you see in the shops nowadays are French and are imported by the same people as bring us funny-coloured chickens. They are strange creatures, half wild and half-domesticated, not just in flavour but in habits as well, roosting about the place and pretending to be free but coming home for a night's sleep and a spot of breakfast.

They don't have to be shot by huntsmen, which makes them not game and in some ways not fit for a sporting man's table. But treated as Wheeler recommends, with a bit of gin and juniper they have a gamey quality which goes down well these cold November nights, even without frozen broad beans.

Oddly enough, he apologises not for them but for the rabbit, which he thinks his readers may find beyond the pale. The French, of course, have gone barmy over rabbit ever since chicken became so commonplace. Whereas we tend to go for the wild animal, toughish with a strong flavour, the French reach into the lutch for a great pampered domestic monster which is chubbier and more bland. For pigeons they do roughly the same thing.

Back to Steven Wheeler. In November he offers us roast chestnuts and jacket potatoes, baked apples and candied quince, almost reconciling me to this beastly month. In December I am going to China; it'll be midwinter there too, but I imagine they make quite different arrangements.

English With A Difference by Steven Wheeler is published by Baxrie and Jenkins at £15.00.

Peter Lewis

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OLD RUEDESHEIM-ON-THE-RHINE

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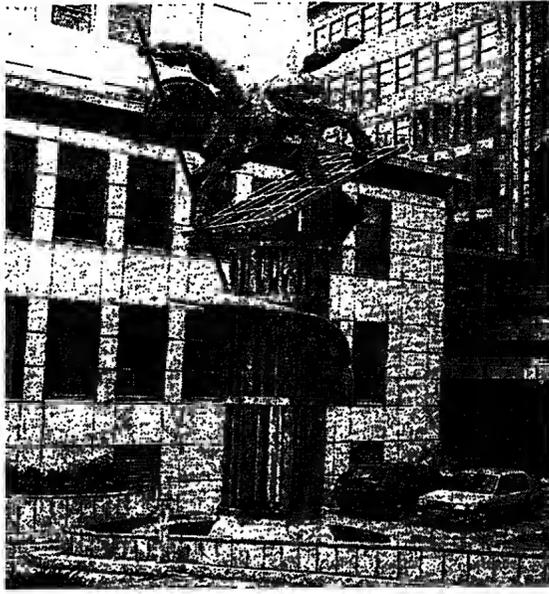
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Asbach Uralt
The Great Brandy from the Romantic Rhine

ARTS

NEXT April Mr Peter Palumbo takes over from Lord Rossmore as chairman of the Arts Council. It was a controversial appointment...



St George and the Dragon by Michael Sandie at Blackfriars

Cities beautiful

Antony Thorncroft on 'Percent for Art'

By a nice irony his first initiative is one which brings him smartly into line with the Prince. Mr Palumbo is anxious to revive the inner-cities (a natural inclination for a property developer)...

The Arts Council is now becoming a lobbying organisation rather than just the paymaster of the arts. This week its first successful propaganda campaign, for the Copyright Act which gives 30,000 artists control over their work...

Already seven British councils have committed themselves to the concept - Glasgow, Edinburgh, Brighton, Sheffield, Camden, Lewisham and Oxford County, and one, Birmingham, has acted insistently that £300,000, one per cent of the original projected cost of its new International Convention Centre...

Birmingham has the bit between its teeth and is already negotiating, with some success, with the developers of the new Bull Ring, a £40m development. It would be foolhardy to imagine an extra £4m for the arts emerging here, but that is the aim. Of course all this is very idealistic, and raises necessary questions...

the 'Arts and Crafts' movement which flourished in the late 19th century and revived, however briefly, an almost medieval appreciation of the importance of beauty in building, in the materials, the decoration, the environment.

Apart from the shortages of cash and time, Percent for Art can also work against the overall look of cities by concentrating on new developments at the expense of the total environment. In some US cities, like Los Angeles, all the development cash is pooled and the money used for universal enhancement - for pavement trails; for gateways; for land marks. It can also be diverted into the performing arts, financing music, dance and drama on municipal piazzas. After all there is little point in having a pretty concert hall if the resident orchestra is under-funded.

Such imaginative leaps are difficult to achieve in the UK. In fact the whole 'Percent for Art' bannerwagon could be derailed before it begins to roll. The Minister for the Environment, Mr Nicholas Ridley, is preparing changes in planning practice which remove many of the current powers of the local authorities, which in any case, in the area of arts spending, are mainly persuasive rather than compulsory. In the next few months this could be an issue which goes to the Prime Minister, who declared after the last General Election a commitment to the revival of the inner cities. Only she can raise in favour of a better environment, supporting the Prince of Wales, the Arts Council and the Minister for the Arts, Mr Richard Loe, against the philistine liberalism of Mr Ridley.

A spate of recent conferences - most notably the Glasgow conference organised by the British American Arts Association - spelling out in graphic detail how the arts, be it through a new theatre, opera house or community arts centre, can act as the catalyst in the revival of inner cities, marked the start of a belated promotional campaign by the arts establishment. This produced chapter and verse on how investment in the arts in Boston, Baltimore, Chicago, Pittsburgh and Lowell has produced impressive knock-on effects on the environment in these cities, and has helped to create a more positive climate. The great achievements of Glasgow, which has just received another £500,000 from the Minister for the Arts to ensure its success as European City of Culture in 1990, provide the best British example, one that will soon be presented by Birmingham. It would be suicidal if heavy handed blundering by the Environment Minister nipped in the bud a belated appreciation of the value of the arts in attracting the right stuff, in terms of people, businesses, and atmosphere, back to once thriving inner cities which need only marginal encouragement to grow great again.

Crossover

CROSSOVER is all the rage. I first noted the word in the New York Times several years ago as applied to the manufacture of musical and light opera recordings made by leading opera singers. The phenomenon reeked of crude commercialism and an off-putting odour of cultural slumming.

Beautiful but bizarre

Michael Coveney on recently recorded musicals

American lyrics do not become highly trained operatic voices, which was the problem for Dame Kiri. But *Show Boat* is not predominantly smart. It lushly occupies the middle ground between musical and opera and may justifiably be said to have revolutionised the musical stage.

'Goodnight, dream if you can't My wife, my man'. Their other duets, the romantically experimental 'Make Believe' and the jauntily spiky 'Why Do I Love You', are sheer delight. Bruce Hubbard does not improve upon Paul Robeson in 'O! Man River' but Teresa Stratas sings up a blousy storm on 'Can't Help Lovin' Dat Man'. This is a tremendous sequence, placed for the first time on record in its full dramatic context. Stratas does not get as much out of 'Bill' as did Cleo Laine in 1971, but she gives a full demonstration of her vocal and dramatic power.

The history of this musical is almost as choppy as *Scotty's*. The single album *Scotty's* CD recording, *Candida* (CD TER 1156), claims an authority it does not deliver. The 1973 revisions are included, but the 'Hallelujah', 'Sleep Song' and 'We Are Women' are not. The overture and orchestral interludes under Justin Brown are excitingly done and Ann Howard gives a biting edge to the sinister assimilation song. While this is a pleasant remembrance of a particular production, it is rather years from a compendious edition with full text and all changes and emendations.

Advertisement for Schubert-Mendelssohn concert at Barbican Hall, featuring the English Chamber Orchestra and Royal Philharmonic Orchestra.

Advertisement for St. Joseph's Hospice, Maresfield, London, offering support and care for those in need.

Advertisement for NBI (National Business Initiative) promoting financial services and investment opportunities.

Collecting

The relics of royalty

THE ERA between Louis XIV and the French Revolution saw European royalty at the peak of its glory, glamour and extravagance. Later-day monarchs like Ludwig of Bavaria might have tried to emulate the splendours of their predecessors but they could never rival the easy, insolent magnificence of a Sun King or Catherine the Great.

So rich were the courts in art treasures that many of them, set adrift by the storms of 18th century history, still remain in private hands. A number of luxurious royal relics appear in Sotheby's sale of important French furniture next Thursday evening.

The most remarkable, a table top overlaid elaborately with coloured glass panels, was made for Louis XIV himself, probably by Bernard Perrot of Orleans. Perrot, an Italian émigré whose original name was Bernardo Perrotto, was reckoned to be the finest glass-maker of the time. One of his specialties was the technique used on this table, in which the multi-coloured glass is overlaid on copper.

The table is decorated with plaques representing the Judgment of Paris, surrounded by a complex carpet-like design of flowers and butterfly motifs, including the King's emblematic sunflower. Made some time before 1681, the table disappeared from view after it was sold off in 1762 for 18 livres to a Monsieur Boucher. It was not seen again until 1976 when, its royal connections unrecognised, it appeared at auction in London.

Radio

A more mature appeal

THE INDEPENDENT stations evidently want new support. In London, Capital has launched Capital Gold with programmes of classic records - classic hits, that is, from the last 30 years, not Bach - to be presented by a staff of golden oldies like Tony Blackburn, Kenny Everett, Paul Gambaccini, and so on.

And in Wootton Bassett, Wilts, Brunel Radio came on the air on Tuesday, seeking 'the ever-growing hand of mature listeners', the 40-to-60-year-olds. Its music policy is different from anything else around. If Cole Porter wrote it, it will be on; if Frank Sinatra sang it, it will be on; the Beatles' 'Yesterday' will be on, their 'Love me do' won't. Well, it will make less noise in the bar.

For even more mature listeners, Radio 4 has begun a new series of discussion programmes, *Open Mind*, on Sunday evenings. John Lloyd of this paper presented the first, in which he was joined by Andre Melville (a Russian) of the USA-Canada Institute in Moscow, Dennis Ross, former foreign policy adviser to the American government, and Sir Bryan Cartledge, lately our Ambassador in Moscow. Their topic was, 'Is it right to assume that Soviet policy has changed, and if so how?'

I do not mean to denigrate *Open Mind* if I say that speakers of this calibre may quite often be heard on BBC news programmes, and on this kind of subject. Myself, I can't hear them too often, and the ability to have them exchange views at length is welcome. It was fine to hear Russian optimism from Melville and American hope from Ross. My only criticisms of *Open Mind* are that there was insufficient exchange of views, and that 30 minutes wasn't enough.

I am personally indifferent to Remembrance Day, preferring to remember in private the relatives, friends or comrades I lost in the two World Wars. The BBC gave the expected coverage of the public ceremonies, but it also, intentionally or not, offered tributes to the troops in the following week that I thought more worth while.

I did not expect to enjoy *The Straggle Wars of Peace* (Radio 4, Wednesday), but in fact found it riveting. The year 1968 is the only year since the end of the World War in 1945 when there have not been British troops in action. Jungle warfare was the theme of Wednesday's programme, and it dealt mostly with the fighting in Malaya and Borneo.

Who remembers now that we fought (and beat) Soekarno of Indonesia across the Brunei border? Some do, at any rate, and their accounts of fighting in country where it might take you a day to get as far as the next tree, where you detect the enemy by the smell of his excreta, were as uplifting as they were exciting. The speakers, presented by Major-General Sir Jeremy Moore, were mostly senior officers who had been junior officers at the time; they were as one in their admiration for the Gurkhas and the 18-year-old National Service men.

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Advertisement for 'BEST COMEDY' featuring Geraldine McEwan, Lettice and Luce, and Evening Standard Drama Awards 1988.

ARTS

Wagner: in the lap of the gods

Andrew Porter on the Met's new Ring, and Peter Sellars' production of Tannhäuser

WITH Götterdämmerung, the Met has completed its Ring production begun in 1986 with Die Walküre. The four parts will be assembled as a Saturday-matinee cycle in April, followed by two within-a-week cycles. This is a "traditional" staging, designed by Günther Schneider-Siemssen with large, naturalistic scenery in the manner of Preterorius's for Bayreuth in the 1930s. It is a Ring that Kirsten Flagstad, Melchior, Friedrich Schorr, Hans Hotter could step into and be magnificent in. It is produced by Otto Schenk, and - this is the trouble at the moment - he has not been able to give the modern singers a style enabling them to command the old-style sets and be convincing in them. The casts - which change constantly - contain Ring circuit singers familiar with all manner of quirky productions. Schenk seems to have provided "basic blocking," rather than characterization, and within it all manner of "touches" from Chéreau, Hall, Lehnhoff, etc. appear some of them inappropriate, perhaps, to any production, all of them inappropriate to this one: Siegmund dies in Wotan's embrace, Siegfried, after drinking the potion, essays violent rape upon Gutrune and has to be restrained by Gunther and Hagen. And the singers spend an inordinate amount of time on their knees. Most serious, the variety of styles means that the characters do not relate one to another, and so the drama does not come to life. But it would be too soon to call this Ring a demonstration that "traditional" Wagner is no longer viable. Judgment must be suspended until the complete Ring is assembled. Das Rheingold was revived this season, and it was much better than before. Some of the staging - particularly the close - had been reworked. The whole began to flow more surely. And something began to happen between Wotan (Hans Sotin at my performance), Loge (Siegfried Jerusalem) and Alberich (Franz Mesner). On the first night of Götterdämmerung, Hildegard Behrens, the Brünnhilde (Jeanine Altmeyer sang it later), was in alarming vocal state. Her upper reaches were shining and steady, her lower and middle reaches a yowling belt. Her interpretation was ardent. The Siegfried, Toni Krämer (later Wolfgang Neumann), shouted his way through the rôle, enacting it with antebellum enthusiasm. Matt Salminen was an incisive Hagen. The Gibichungs, Kathryn Harries and Anthony Raffell, were a pallid pair. James Levine's conducting is broad and bold. Most of the orchestral playing is eloquent and beautiful, but at climaxes Levine encourages the drums to bang and the brasses to bray, with results more noisy than magnificent. Sometimes the music moves with dangerous slowness. But Levine finds his way into works: the Rheingold revival proved far more convincing than his first-time Götterdämmerung. He is set high in the pit, head auroled, soaring arms backlit, the most prominent figure in the stage pictures. * Meanwhile in Chicago there was a Tannhäuser of very different character, produced by Peter Sellars - alive, exciting, gripping in ways that make the Met's Ring staging, despite moments of individual vividness, seem dreary, unconsidered, get-by routine. It is hard to describe a Sellars production so as to convince doubters of its high merits, its distinction from Schenker or sub-Berg Strauss. In simple assertion, Sellars works with the music, sensitive to each turn it takes. His transgressions are due to passionate, exuberant responsiveness. This Chicago Tannhäuser plays in a Miami beach-side motel in the Crystal Cathedral (a celebrated Californian temple, whose high-gloss services are televised nationwide), and in the airport lounge where Elisabeth awaits a Rome charter flight of returning pilgrims. The protagonist is a peccant televangelist who, when sated by sexual adventure, repents; returns to the pulpit (urged to it by his friend the Rev. Wolfram von Eschlinbach); but, impatient of the strict puritanism enjoined by his fellow-ministers, preaches (before the cameras) an unconventional and shocking sermon. Forgiveness is refused him; he loses his faith and re-encounters in the arms of glowing love the girl he loves. Compelled by company policy to use superlatives, Sellars made them an integral part of the show. In white, they provided a racy modern version of the sung text. (At the start, "Draw nigh to the shore, where in the arms of glowing love blessed compassion will ease your cares" became "Come down to the beach, the action's red-hot") In blue, they added glosses from Tlack, Novallis, Büchner, etc. In red, they offered what Sellars perceived as a lurid subtext and double entendre. ("Ziehr in den Berg der Venus ein," the close of Tannhäuser's "sermon" was crudely rendered as "Go stick it up Venus.") I didn't care for the tone of the superlatives, but, when most American opera is stuck with the beastly things, this was at least a hold attempt to use them for more than rough plot summary. Sellars productions

both me in deeper ways, as they must bother anyone to whom Dr. Mesmer is more familiar than TV's Dr. Ruth (Cos), anyone who has never been inside a Trump Tower apartment (Figaro), or watched televangelism by the hour. It is fascinating to discover how people live today. But the contemporary images that Sellars finds can, so far from making operas more immediate, make them alien and exotic. Not altogether. In O'Hare or Kennedy, all flights delayed, one will now watch others waiting with sympathetic surmise. This imagery was both apt and beautiful. Medieval elements mingled with the modern architecture, the darling airfield visible beyond the huge glass wall, lights romantically glinting. The past is not banished from these productions: Despin's diner might have been designed by Palladio; Giotto played a part in shaping the dingy streets of Don Giovanni. Sellars has said repeatedly that his aim is not to "update" operas, but to test the present against great works of the past. But the composers' symbols, of manifold application, tend to be narrowed into particular signs. Still, it is far better to be bothered and challenged than to be bored - whether by routine or by the merely modish. This was a rich, intelligent,

controversy, Michael Billington, deploring singers-as-producers opposition, remarked. "The best producers are precisely those who release something in their singers." I've not known Richard Cassilly (Tannhäuser), Nadine Secunde (Elisabeth), Marilyn Zschau (Venus), or Håkan Hagegård (Wolfram) give better performances. Their singing was not great; even in the staidest Wagner productions we seldom bear great singing. It was always vivid; everything uttered meant something. And Ferdinand Leitner conducted an account of the score at once substantial and transparent.



Hildegard Behrens as Brünnhilde and Christa Ludwig as Waltraute in Götterdämmerung

detailed and beautifully executed production, and the first truly alive opera I have seen in this country since - well, since the Sellars Figaro, at Purchase, which also contained a good deal that was hard to accept. In Opera Magazine's June round of the directors-opera

DANCE Umbrella is, very properly, paying tribute this week to Jane Dudley, eminent American dancer, choreographer and teacher. Miss Dudley has for a long time been an influential figure in this country as an instructor at the London School of Contemporary Dance, passing on the technique and style she learned as a member of the Martha Graham Company during the 1940s. But she has also been a choreographer for more than half a century, and in her 76th year she still creates dance-works that live easily with their scores. Her career and her demise span a fascinating period for the Modern movement, from the socially aware statements of the early 1930s - when dance was more politically

Dance Tribute paid to Jane Dudley

alert than ever before, or since - by way of the pieces she produced for the performing trio she made with Sophie Maslow and William Bates, to the late creations which show her vision of dance still undimmed. I wish, indeed, that the celebratory programme seen last Thursday at The Place had been more adventurous in trying to restore certain of her early and middle-period dances. Apart from the cele-

brated Harmonica Breakdown of 1938 and The Lonely Ones, dating from 1946, the repertoire was made during the past decade. The resultant view of Miss Dudley's creativity was, I suspect, rather less true in focus than one might have wished. Nevertheless, it spoke of a sensitivity very true in solo work, and of a choreographic style whose roots were clearly in the Graham (and even Denishawn) traditions. Thus the subtle responses in a solo to Schumann's Prophet Bird, where the music poured through the dance and was excellently shaped by Bernadette Iglitch. Thus, too, the solo for Shelley Lee, very sophisticated in manner, to Count Basie's "Way Back Blues," and, of course,

the rangy eccentricities of Harmonica Breakdown which is tough, and beautifully angled in its shuffles and poses as a realisation of some ancient jazz. The solos in the Lonely Ones, which are inspired by the New Yorker cartoons of William Steig, and the character studies made thirty years later and set to Schoenberg piano pieces, very well explored by Jayne Lee, seemed to me to be over-elaborate. Jane Dudley's truest gift is surely in a fine-drawn choreographic line that interweaves with the music, and exists with and in the score. In the brand new creation of the evening, Spindrift, which is Schumann's fantasy pieces for piano, the surge of activity for all it recalled Denishawn's "music realisations," rung true. That Jane Dudley is still producing dances so grateful to perform - her interpreters gave every evidence of pleasure in their tasks last night - and so secure in their individuality, is cause for our gratitude. Clement Crisp

Overboard without a lifebelt

Michael Coveney on a new musical at the Palace Theatre, Watford

THERE ARE some evenings in the theatre so magnificently dire that a critic's responsibility to record the event becomes confused with a gleefully manic urge to spread bad news. Such a dilemma is prompted by Woman Overboard at the Palace Theatre, Watford, a dud new musical by Adrian Mitchell (book and lyrics) and Monty Norman (music) from an obscure comedy by Lope de Vega. Lope was never de vaguer than in this ramblingly incompetent transformation, directed by Lou Stein, of a 17th century Neapolitan house party to the deck of a supposedly swish yacht in the Bay of Naples in 1622. "Nothing, like it has ever been seen at the Palace Theatre stage before" chirruped the publicity. You betcha. Fenella Fielding appears eventually and too late as the Princess Zamayakova, a wealthy newspaper proprietress who says she is intensely Russian, so the tears keep right on gushin'. She stands by the crater of Vesuvius, behind black gauze, and explains how her son was kidnapped by a Chinese Fireworks Gang. One more incongruity at this stage was neither here nor there, but even the indomitable Miss Fielding sounded slightly taken aback. However free and easy Lope's play might be, musicals demand discipline and some governing exercise of taste. Mitchell's pitiful book achieves neither accurate pastiche fidelity nor even a bearable sloppy spiritiveness. The princess's son Teddy (John Conroy) is a broke song writer who cannot be bothered to attend his own Broadway premiere while pursuing a daffy heiress, Lady Diana (Fiona Hendley), who declares in a pantomime couplet of typical awkwardness "Only a man who's made a packet/ Shall join me in my sur-tax racket." She also needs to marry someone who shares her mother's name of Hogbucklet. We're talking pigswill. Nothing ever quite scans, which is surprising in a poet of Mitchell's record and proven fluency. Syllables pile up all over the place like multiple car crashes, a point metaphorically illustrated by Miss Fielding's destructive retreat from the jetty in a cardboard Morgan. By now the titling in the back of the circle was marked, and a French maid (Harriet Thorpe) had managed to rhyme the bitterness of Hedda Gabler with the poor downtrodden Les Misérables. "That song, like all the songs, is a re-cap of an emotional state, not a development. And it just sits there like a severed limb. The opening is the dullest ever devised for a musical, with no chorus, no music even, while characters we neither know nor care about creep over the deck in disguise. It is like receiving bad news from now the heretics are seldom bear great singing. It was always vivid; everything uttered meant something. And Ferdinand Leitner conducted an account of the score at once substantial and transparent.

BARBICAN CHRISTMAS FESTIVAL. BOOKING NOW OPEN. Dec 6 & 11 THE GLORY OF CHRISTMAS. Dec 9 RICHARD STILGOE & PETER SKELLERN. Dec 10 The Music of ANDREW LLOYD WEBBER with MARTI WEBB & MICHAEL BALL. Dec 13 JOHN WILLIAMS CHRISTMAS COLLECTION. Dec 18 JAMES GALWAY with the LSO. Dec 26 ROYAL PHILHARMONIC ORCHESTRA. Dec 27 (noon) THAT'S CRICKET. Dec 27 (even) VIVALDI: THE FOUR SEASONS. Dec 28 (even) IFOYLY CARTE OPERA CO. Dec 29 (even) THE SNOWMAN. Dec 28 (even) ROYAL PHILHARMONIC ORCHESTRA. Dec 29 (even) FAMILY CLASSICS. Dec 29 (even) GLENN MILLER ORCHESTRA. Dec 30 (even) TEDDY BEARS CONCERT. Dec 30 (even) OPERA GALA NIGHT. Jan 2 MUSIC & DANCE FROM THE BALLET. Jan 3 TCHAIKOVSKY.

THE National Heritage Memorial Fund tends to be associated in the public mind with the rescue of historic houses and their contents. It was created by an Act of Parliament in 1950 after outcry over the disposal of the contents of Mentmore in 1977. The NEMS effectively relaunched the under-exploited and plundered Land Fund, which had been established after the last war to preserve countryside and buildings (and later, works of art) in memory of the fallen. Its brief was to act as a "fire engine" to all aspects of a purposely undefined national heritage. How the Fund's trustees have interpreted that brief is revealed in an exhibition at the British Museum, Treasure for the Nation: Conserving our Heritage (sponsored by British Gas; ends February 26). It gives the public the chance to see what the Fund has done with nearly £160m of taxpayers' money, over eight and half years. Visitors will find outstanding works of art from houses rescued by the NEMS: one of John Linnell's great sofas from Keddleston; the magnificent state bed with glowing Chinese silk hangings from Calke Abbey, which were delivered in the 1730s but only unpacked in 1985; the Nestell Priory doll's house; and Batoni's famous Grand Tour portrait of the tartan-clad Col William Gordon from Fyvie Castle. They will also see, among much else, the Third Earl of Southampton's armour, the Portland Font, Captain Oates' polar medal, treasure trove from the Mary Rose and an Edwardian fairground galloper. In the BM forecourt is the menacing Flirt II, the only tank to survive the Battle of Cambrai; in the entrance hall, the wondrous Bluebird, all 9 metres of it, the sleekly sculpted machine in which Donald Campbell broke the land speed record in 1964. The show is heaven-sent for school holidays. It seems no aspect of the heritage is excluded from the NEMS umbrella. The quality of the exhibits is of the highest order, the worth of the projects represented invaluable. This, ironically, is not so much the strength of the exhibition as its Achilles heel: the display is more likely to lull a visitor into a false sense of security than alert him to the risks of the countryside changing beyond all recognition and works of art becoming too expensive for British institutions to purchase. The NEMS may have been established to prevent a repeat of the Mentmore fiasco, but as

Lulled by a false sense of security

Susan Moore considers the heritage exhibition at the British Museum

its annual report makes clear, if another great country house and its contents came onto the market, the Fund with its present resources could not put out the blaze. Works of art are acutely vulnerable in the present system despite the safeguards. What is the point of the Export Reviewing Committee being empowered to place a temporary stop on the export of a work of art deemed of national importance if no British museum can afford to buy it. Market values soar, but the Government has not increased purchase grants since 1982, and will not reconsider them until 1990/91. Although eight of the 15 works of art exports stopped in 1986/87 were subsequently purchased for the nation, it is significant that their value was some £1.5m, while that of those objects referred hut exported topped £34m.

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Pick of the week at Christie's. THIS MAGNIFICENT VIOLIN was made by the master craftsman Pietro Guarneri of Mantua in 1703. It is known as 'The Ex-Wertheim' because it was formerly in the possession of Henry Hottinger, the New York businessman and founding member of the Wertheim & Co. investment bank. Hottinger, an enthusiastic amateur violinist, became a devoted collector and owned instruments from all the great Italian schools of violin making. This, and other violins by Scarlatti, del Gesù and Guadagnini, will be amongst the highlights at the sale of Important Musical Instruments at Christie's, King Street, on Wednesday 23 November at 10.30am and 2.30pm. For any further information on this and other sales in the next week, please telephone: (01) 839 9060. CHRISTIE'S 8 King Street, London SW1 85 Old Brompton Road, London SW7 164-166 Bath Street, Glasgow

SPORT

Caribbean hurricane strikes again

Now it's Australia's turn to feel the full force of the storm generated by the West Indian cricketers. Robert Steen reports on the Brisbane Test match



West Indian skipper Viv Richards limbers up in preparation for another assault on Australia

HERE WE GO again. Or, put another way, England's drubbing at the hands of the West Indies during the summer now comes entirely into perspective. "We have no reason to be intimidated by their fast bowlers," said David Hookes, the former Australian Test batsman who now skips South Australia, as he surveyed the prospects for the latest Test series against the West Indians. Hookes could now be regretting he opened his mouth. The series, with the Sir Frank Worrell Trophy at stake, started at Brisbane's Gabba ground yesterday. By stumps, the visitors were - barring the weather or divine intervention - virtually guaranteed a 1-0 lead, probably well inside the distance. Those same West Indian fast bowlers skidded Australia for 167 with Malcolm Marshall, Curtly Ambrose and Courtney Walsh the destroyers. By stumps, the West Indians were 39 without loss. Sounds familiar?

with two hundreds against state sides, the second of which was his 100th first-class century - and opener Gordon Greenidge (now unwanted by his long-time county, Hampshire) had looked in real form. Richards had other concerns. Come from the all-conquering West Indian squad in Australia four years ago were left-handed bat Larry Gomes and pace bowlers Michael ("Whispering Death") Holding and Joel ("Big Bird") Garner. Then again, before thrashing England this summer, the West Indians had drawn four consecutive series. Perhaps clutching at straws, the Melbourne press reported that visiting captain Vivian Richards had struck two centuries in a series only once since taking India and India and England for three pieces in successive series 12 years ago. Indeed, his 28 Tests since succeeding the respected Clive Lloyd as captain have yielded a mere (and mortal) four. On the other hand, and probably more ominously for Australia, while their captain, Allan Border, has been going from strength to strength as a batsman, he has led his country to just six victories in his 16 Tests in charge. The problem for Australia - as indeed for England - is that pre-Test

form these days matters little. Touring teams treat matches against state sides, or counties, largely as warm-ups rather than serious contests. The big effort is reserved for Tests, along with (and perhaps more importantly) the money-spinning one-day internationals. What fast bowler is going to risk injury in a game that for practical purposes, matters nothing? And the experienced West Indian batsmen would lose no sleep over poor scores in such matches: they always reserve their best for the big ones. Then again, with the exception of Patrick Patterson, the West Indian fast attack these days is built more on unrelenting accuracy and cunning than the sort of physical abuse handed out when Holding, Andy Roberts and Garner were at their fearsome prime. And the Australians are no more adept at handling that sort of bowling than England. The left-arm strike bowler Bruce Reid through a spinal injury didn't help; yet, the Test recall of another left-arm seamer,

Chris Matthews - who disappointed Australia with his performances during the summer - looked odd. Seasoned Test bowler Geoff Lawson took 5/66 for NSW against the tourists last weekend but was overlooked for the Test - perhaps because he is alleged to have been involved in "padding" (on-field abuse) during the last West Indian tour. During that series, the bustling Lawson was fined and reprimanded and has played only eight internationals since. Despite topping last season's Sheffield Shield bowling averages, would he be considered to be overlooked? But perhaps it is less pace that Australia needs than guile. Australian Test coach (and former captain) Bobby Simpson believes the West Indians "can't handle the ball leaving the bat." And indeed it was the leg spin of Pakistan's Abdul Qadir and India's Narendran Athwal (who has just destroyed New Zealand) that engineered the West Indies' three defeats in the past two years. The trouble is that Australia - in common with England and most other Test nations - has long neglected the days of Grimmett, O'Reilly and Benaud are long gone, and no genuine replacements are in sight. The lesson looks obvious.

The day my clubs went walkabout

Ben Wright describes how an airline contrived to lose his pride and joy for the first time

A GOLFING scribe's tales of woe are unlikely to evoke much sympathy among readers, so privileged is his existence. But despite sitting on the lawn of one of the most splendid homes alongside the fairways of the Mid-Ocean Club in Bermuda, with the Atlantic lapping lazily on the pink sand 200 yards away in glorious, unbroken sunshine for the fourth successive day, I sip a long and cool one with the heaviest of hearts. In all my travels, I have never before lost my golf clubs. Last Sunday I flew to Bermuda from Orlando, Florida, via Atlanta, on Delta Airlines. I checked in 90 minutes in advance at Orlando and spent a similar period in Atlanta. Yet, somewhere along the way my golf bag and clubs disappeared and have not been sighted since. It is difficult to express my sense of anger and frustration, other than to say it is a similar feeling to one which I have experienced when losing a close and dear friend or relative in a diabolically unnecessary accident. To all golfers around the

world who have suffered a similar bereavement, and there are far too many of them for comfort, I extend my deepest sympathy. I can only sit here and dream about the magnificently-made Cleveland Classic driver which my CBS commenting colleague, Keu Venturi, and my executive producer and director, Frank Chirkinian, picked out at Cleveland's factory earlier this year during the Los Angeles Open - a most wonderful and unexpected present. Someone else's hands are probably wrapped around it, even as I write. That beautifully-polished brown persimmon head will no longer inspire me as I address the golf ball; that lovely club really had turned my puny game around this autumn. My love affair with my black-headed Ben Hogan radial three and five woods has been much longer-lived. The grips had worn down and become so slippery that I had them replaced especially for this trip to take part in the annual invitational matchplay tournament at Mid-Ocean.

I could conjure up all kinds of magic, at least in my own mind, with that glorious five wood, chalking down on it for tee shots from 175 yards upwards and smashing the ball huge and unthinkingly distant enough so deep that it appeared unlikely to allow such exciting liberties. And oh, that majestic three wood with which I had hit such memorable shots for so long in my fortunate world travels. No more. Instead, some vile thief - or, almost as bad, some willing purchaser of stolen goods - will enjoy the exquisite feel and balance of that mellotious driver and fairway woods that will inspire his craven heart and hands to perform the kind of heroic deeds that should still be my privilege to produce. Similarly, I can hardly say enough in praise of my matched set of Carsten Solheim-designed Ping copper beryllium irons, ranging from the tremendous power of the long one, particularly the numbers one and two - to the laid-back wogger with which I had extricated myself from all kinds of unpromising situations in tournaments or mere \$2 matches against

fellow-hackers at home and away. It was my trusty Ping black-eye four iron that earned me my first hole-in-one for 36 years in a two-man team scramble event at Knowlwood, near Chicago, early in July 1986. At the following hole, I wedged the ball downhill straight into the cup from 36 yards for a birdie. That laid the foundations of a winning score for my partner and I that day against the kind of classy opposition, much of it professional, we had no right to expect to beat. We celebrated long into the night. What makes those Ping irons so formidable, and imitated constantly by less-talented club designers than the genius Solheim, is that they are so forgiving. Even some of my worst shots with them, and there were plenty, seemed to have a knack of straightening themselves out in the most miraculous way. I have never had a better putter in my hands, and I have a bin full of them, than my Ping Anser model. My dark-green, custom-made golf bag had name and club logo spelt out in gold thread in a tasteful man-



ner. It contained, among other valued golfing items, the best pair of golf shoes I ever possessed. I have been indeed fortunate to borrow a fine set of clubs (having been overwhelmed with generous offers) to compete at Mid-Ocean this week but, having won one match, I was put out of the second round yesterday by a charming gentleman who I shall always imagine I could have dispatched handily with my own prized set - such conceit with respect to the kind lender, borrowed club, very seldom turn out to be the actual of things, and has spent years learning to use and love. But as I sit here and grieve over mere stolen golf equipment, I cannot help but work up an unhealthy hatred for American airlines. I fear I will not be compensated for the value that I put on my golf equipment. Delta probably would have to sell off half its fleet to match that figure.

CROSSWORD

No. 6,790 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 30, marked Crossword 6,790 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday December 3.

Crossword puzzle grid with numbers 1-27 indicating starting positions for clues.

- ACROSS
1 Clear sort of article (9)
5 It may follow dinner with figures (6)
9 Good turning out amid corruption (8)
10 Acquisitive journalist in colour (6)
12 Starting aid may be caused by fishbone (5)
13 Copy letters about having high temperature, at last (9)
14 See 11 down
15 Wandering, i.e. crazy, with new coin about (7)
19 See 21 across
21 19 across Utilitarian provision of a little jam before my inclination to meet (6,7)
23 Pitch indicator lent force to change (5,4)
25 Special skill that sounds suddenly bright (5)
26 On-a-act performance - don't knock it! (6)
27 Wave large plate of rough-age? (5)
28 Wave to a bird on the lawn? (5)
29 Look at ship cosmetically? (8)
DOWN
1 Contrivance for foisting Hindu goddess on Church of England? (8)
2 In favour of acquired number out of mind (9)
3 Common sense on English is wasted (2,3)
4 Don't do it to your partner's acc, they say, or play your own? (7)
6 Player by way of that rather than this? (9)
7 What happens to regular model? (5)
8 Ask yacht to turn around the Needles, possibly (9)
11 14 across, 20 down Utilitarian Welshman who painted royal house and factory (11,6,4)
15 Funny dance goes round in

TELEVISION & RADIO

Television and Radio listings for Saturday. Includes channels like BBC1, BBC2, Channel 4, Granada, HTV, and TSW with their respective programs and times.

SUNDAY

Television and Radio listings for Sunday. Includes channels like BBC1, BBC2, Channel 4, Granada, HTV, and TSW with their respective programs and times.